



NDLAMBE MUNICIPALITY

ANNUAL REPORT 2016/2017

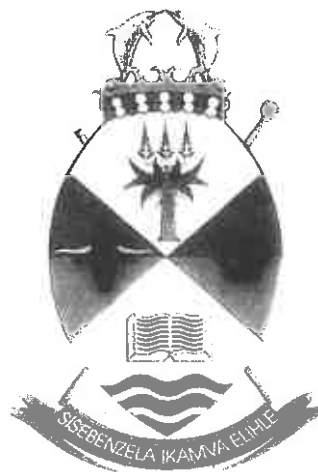
**Ndlambe
Municipality**
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VISION:

NDLAMBE MUNICIPALITY strives to be a premier place to work, play, and stay, on the eastern coast of South Africa. It strives to be the destination of choice for people who love natural and cultural heritage, adventure water sports, and laid-back living for families.

Our promise is to build a state-of-the-art physical infrastructure which will be laid out aesthetically in our beautiful natural environment. Our prosperous community supports a safe and healthy lifestyle which is supported by affordable natural living and a vibrant tourism and agriculturally-based economy!

We promote good governance by providing sustainable, efficient, cost-effective, adequate and affordable services to all our citizens.

MISSION:

To achieve our vision by enabling optimal performance within each of the five Key Performance Areas of Local Government within the context of available resources.

VALUES:

- Commitment;
- Transparency;
- Honesty;
- Trustworthiness; and
- Care

CHAPTER ONE

COMPONENT A: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

MAYOR'S FOREWORD



I have great pleasure in introducing the 2016/17 Annual Report of the Ndlambe Municipality which is both a legislative and accountability requirement. In terms of Section 46 of the Local: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003, the Municipality must prepare an Annual Report for each financial year and the Mayor must table it within seven months after the end of each Financial Year. Section 152 of the 1996 Constitution of the Republic of South Africa clearly set out the objectives of local government.

The Constitution of 1996 directs local government to be democratic and accountable to local communities; ensure provision of services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment and to encourage the involvement of communities and community organisations in the matters of local government. Most importantly the Constitution which all we are subscribed to provides that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in Section 152 (1). Since the year 2000, the local sphere of government entered into a new phase of developmental local government. Developmental local government puts forward a vision of developmental local government which centres on working with local communities to find sustainable ways to meet their needs and improve the quality of their lives.

The Annual Report is one of the highly reputable tools of government to assess the effectiveness and impact the Municipality is making to the lives of its people. It also gives an opportunity to diagnose the state of financial affairs, administrative and governance maturity levels of the institution.

During the financial year under review the Municipality again had to cope with the frustrations of communities over matters over which it has no control, such as unexpected electricity tariff hike far above the consumer price index and the inadequate funding for human settlement development and unemployment rate which is a national phenomenon. It is important to note that these variables significantly impact on the dignity and livelihoods of citizens, hence the Municipality's commitment and unprecedented effort to deliver on its socio economic mandate and to improve the turnaround of housing projects. This, the municipality can only achieve through favourable and intensified inter-governmental relations.

According to Census 2011 statistics, the population of the municipality is increasing and continues to increase. The said rise in population figures can partly be attributed to the municipality's service delivery record and people coming from elsewhere in the country to seek opportunities in Ndlambe municipality, which has seen

the expansion of informal settlements and increased the demand for basic services such as water, sanitation, refuse removal and electricity.

Despite this daunting challenge the Municipality has managed to adequately meet the demand for basic services to all residents and has performed well with the acceleration of its roads infrastructure development programme. The Municipality has managed to successfully execute its capital programme through the Municipal Infrastructure Grant which has seen it receiving an additional funding due to its spending and reporting thereof.

The Municipality is aware that basic services cannot be rendered in a sustainable manner nor can infrastructure such as roads and electricity, water and sewerage networks be maintained unless rates and taxes are paid consistently. The Municipality therefore acknowledges that its successes and achievements are not only a testimony of our efforts but also the selfless contributions made by all our stakeholders through funding support, local businesses and the residents through participation in municipal processes and in being loyal in meeting their municipal obligations despite the difficult economic climate.

I am also pleased to announce that the Municipality has geared itself administratively to adequately deal with the financial reforms imposed on municipalities by the newly introduced Municipal Standard Charter of Accounts (mSCOA) which calls for the adjustment and alignment of internal financial processes and systems. The Municipality tabled and approved a credible and compliant IDP for the year under review. The IDP and budget for 2016/17 reflects and prioritises the needs and aspirations of all our communities and laid the foundations for inclusive economic growth through the implementation of a balanced infrastructure programme and socio economic development projects.

The Municipality faced an uncomfortable situation with the unexpected illness of the Chief Financial Officer, Mr Howard Dredge and other Directors' contracts ended. But because Ndlambe municipality is a living organisation it had to cope with the situation and continue with its mission. In dealing with the situation permanently, the municipality successfully recruited and appointed its top management. I would also like to pay tribute to the late Councillor Genevieve Cannon, a member of the Audit and Performance Management Committee who suddenly passed away. She touched the hearts of all whom she came into contact with.

In conclusion, let me thank my colleagues (EXCO members & Councillors), the administration led by Adv. Rolly Dumezweni, Section 56 Directors, Middle Managers, our work force (the men and women) who clean our streets, who cut grass, who attend to complaints of water and sewerage leakages to all of them equally I thank them, to thank also the leadership of both unions (SAMWU and IMATU) for their leadership guidance to their members during the year under review. I wish also to convey a word of gratitude to our communities we serve, our stakeholders, Community Faith Based Organisations, Non-Governmental Organisations, Business

Community, our sector departments and our District Municipality. I wish also to thank our office support staff both in the office of the Municipal Manager and my office.

COUNCILLOR PP FAXI

MAYOR

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW



Pursuant to Section 121 of the Local Government: Municipal Finance Management Act, No. 56 of 2003, every municipality and municipal entity must for each financial year prepare an annual report in accordance with the Chapter 12. The purpose of an annual report is to provide a record of the activities of the municipality during the financial year to which the report relates. It provides a report on performance against the budget of the municipality and promotes accountability to the local community for the decisions made throughout the year by the municipality. The overarching strategic document that all these needs of the community, the budget and the scorecards on performance of the institution are derived or emanates from, is the municipal Integrated Development Plan.

The foreword will only highlight a broad overview or synopsis on the performance report of directorates/institution on the Key Performance Areas and priorities thereon as they appear or included in the IDP and budgeted for in the 2016/2017 financial year. The methodology that is going to be used is to follow the National Treasury Annual report template guidelines however it will still take the form or follow the five Key Performance Areas of the Department of Local Government which are the basis of the scorecards of Section 56 and 57 Managers. The Municipality has committed itself through its IDP to deliver on the following priorities in the next five years and will briefly elaborate on the 16 cardinal ones only.

- Water
- Sanitation
- Roads
- Housing
- Electricity
- Land
- Fleet
- Building control /Town Planning
- Public facilities
- Recreational and sport facilities
- Cemeteries
- Waste management
- Environmental conservation
- Fire and emergency services
- Access to (free) basic services
- Competent and performance driven municipal services
- Corporate governance
- Credible Integrated Development Plan
- HIV/AIDS
- Special programmes
- Communication
- Internal Auditing
- Economic growth
- Tourism
- Agriculture
- Revenue collection

- Supply Chain Management
- Sound financial management system
- Well-functioning council
- Public participation consultation

Ndlambe municipal communities are no longer suffering inadequacy of water especially during festive season in particular in Port Alfred, Bushmansrivermouth and Kenton-on-Sea which areas are visited the most by tourists during this period. More sources of water were revived and other water conservation programmes like “roving plumbers in the townships” and water harvesting were introduced. Obviously sanitation goes hand in hand with water. More households have been connected to the sewerborne. Nemato has benefited to a bucket eradication project of not less than R53 million. A business plan has been submitted for the town so that it is also connected. Roads are continuously maintained however it is very difficult to keep pace with the rate in which they are aging given our financial state of affairs. Council has taken stance to pave roads and this will take place in years to come funds allowing.

Application for low cost houses for Port Alfred (Thornhill), Marselle and Alexandria have been submitted to the Department of Human Settlement however water is a stumbling block to the commencement of building. Some houses have been rectified in Port Alfred and Alexandria however this is a drop in the ocean given the myriad of snags in the houses. Applications for rectification of houses in all the townships have been submitted to the Department of Human Settlement but it is only in Alexandria where the department has approved the application for all the affected households and has also started.

The municipality has outsourced the maintenance of electricity and the service provider is doing well. Indigent households are provided with free electricity which is 50KW per month and 6 kilo litres of water each month. Houses in particular squatter have been provided by gel stoves in the meantime as means of alternative energy.

Building Control remains a serious challenge in the area especially in the townships where people are building without following the building regulations and as a result of this there is a potential that the municipality may be losing a lot of revenue and the households who are contravening the building regulations are exposed to danger because they are living in houses that have not been approved by the relevant authorities. The municipality is doing by all means to overcome this challenge as it is one of the highest risk.

The municipality is also facing a challenge of cemeteries which are becoming full at a very fast rate due to the HIV/AIDS pandemic which is rife in the townships and the quick urbanisation however the relevant department is busy with the necessary process to acquire land for graveyards. Other methods of burying the dead especially in the township where these are foreign e.g burying two people over each other in one grave, cremation etc. to prolong the lifespan of these graveyards are introduced and encouraged.

The municipality has introduced an environmental levy which is used on waste management especially on licensing the sites and maintenance. Also recycling of waste is being introduced in two of these landfill sites so that the communities can generate income and in the process prolong the life span of the landfill sites. This also contributes to the call from the government and legislation to introduce climate change intervention measures in our practices.

The municipality bought laptops for Councillors to enhance paperless administration and their empowerment. This will also impact on sustainability of resources in this age of going green because less trees will be cut. The municipality has developed an HIV/AIDS plan and programmes are formulated to implement that plan. The challenge is that there is not enough staff in that unit to cover the whole municipal area given the fact the infection rate in the area is very high. During employee wellness days

two-thirds of the municipal staff do test for HIV/AIDS and other chronic illnesses and this is highly commended.

The other critical unit is the Internal Audit which is responsible for oversight. The Internal Auditor facilitates and coordinates meetings with all oversight Committees viz Audit Committee and MPAC and implement any other relevant programmes that are meant for oversight. The other important priority is revenue collection. As we speak our collection rate is 83 per cent. Lastly we strive for clean administration which ultimately results in clean audit. So far we have been receiving qualified audit reports for the past four financial years. We have not used consultants to do our Annual Financial Statements and Annual report and this has yielded results in the sense that our staff responsible for this function has been empowered.

In conclusion, we strive to maintain our credible Integrated Development Plan as rated by the Department of Co-operative Governance and Traditional Affairs. This is very critical to excel on because excellent rating means excellent planning and excellent planning means excellent service delivery which we have committed to render. I therefore affirm or assert that the annual report is to my best knowledge the true reflection of what the municipality has managed to do in the 2016/2017 financial year.

ADVOCATE R DUMEZWENI

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MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Ndlambe municipality, as a Category B municipality performs such municipal functions as enshrined in the Constitution of the Republic of South Africa, 1996. In particular these are listed in Schedule 4 part B & Schedule 5 part B. These include:

Air pollution	Water & sanitation services limited to potable water supply systems and domestic waste-water and sewerage disposal systems
Building regulations	Beaches and amusement facilities
Electricity	Billboards and display of advertisements in public places
Fighting services	Cemeteries and funeral parlours
Local tourism	Cleansing
Municipal Planning	Control of public nuisances
Municipal Health Services	Control of undertaking that sell liquor to the public
Jetties & Piers	Facilities for accommodation, care and burial of animals
Stormwater management system	Fencing and fences
Trading regulations	Traffic and parking
Licensing and control of undertaking that sell food to the public	Municipal roads
Local amenities	Noise pollution
Local sport facilities	Pounds
Municipal parks and recreation	Public places
Refuse removal, refuse dumps and solid waste disposal	Street trading
Street lighting	

The Ndlambe municipality also performs other functions that may be delegated to it by another sphere of government.

The Ndlambe municipal area falls within the Eastern Coastal Zone (one of the areas within the Cacadu District Municipality that has similar geographical characteristics and requires similar geographical guidance). This area can be described as an area with:

- A pristine coastal area;
- Well preserved river mouths and inter-tidal areas;
- Diverse vegetation;
- A relatively low density development along the coast; and

- Major tourism potential

The following is the presentation and analysis of key Ndlambe municipal population and household statistics as provided in the Census, 2011.

Population

Population by age group and gender

Age Group	Male	Female	Total	Male Rate	Female Rate
0 - 4	3006	2796	5802	4.9	4.6
5 - 9	2593	2538	5131	4.2	4.1
10 - 14	2261	2243	4504	3.7	3.7
15 - 19	2469	2464	4933	4	4
20 - 24	2549	2408	4957	4.2	3.9
25 - 29	2509	2571	5080	4.1	4.2
30 - 34	2032	2266	4298	3.3	3.7
35 - 39	2014	2218	4232	3.3	3.6
40 - 44	1767	2269	4036	2.9	3.7
45 - 49	1571	1998	3569	2.6	3.3
50 - 54	1477	1906	3383	2.4	3.1
55 - 59	1223	1526	2749	2	2.5
60 - 64	1052	1362	2414	1.7	2.2
65 - 69	814	1039	1853	1.3	1.7
70 - 74	734	1003	1737	1.2	1.6
75 - 79	424	588	1012	0.7	1
80 - 84	282	453	735	0.5	0.7
85 +	258	492	750	0.4	0.8
Total	29035	32140	61176	47.5	52.5

Source: Census, 2011

The Census 2011 data suggests a total population of 61 176 compared to the Census 2001 data which suggested a total population of 57 241, as compared to the 2005 backlog study figures of 58 927 and a total number of households of 18 913. The Socio Economic Profile of Cacadu estimates the population of Ndlambe Municipality at 63 000. The community survey (STATS SA – 2007) concurred with this population figure. When one compares Census 2011 population data with Census 2001, the population of Ndlambe has increased by a margin of 3935 persons and this represents a percentage increase of 1,2 per cent. This could be attributed to an influx of people from the surrounding areas to look for job opportunities in the new industries that have emerged in the municipal area. Also, the Thornhill housing development has attracted some individuals who were living outside Ndlambe to come back and settle in their newly built RDP homes. Another contributor to this population growth is the migration of people from inland towns and cities to the coast. This influx also impacts negatively on the unemployment rate which currently stands at 30.3 per cent with youth unemployment rate standing at 39 per cent.

The bulk of the migration patterns being experienced within the Municipality are due to holiday makers (approximately 33 000) in the peak season. The influx of seasonal holiday makers equates to approximately 56% of the permanent resident population and places tremendous pressure on the available infrastructure of the area. There is a small migration impact on the agricultural sector related to the harvesting of chicory and pineapples, which has no effect on the immediate service delivery as these activities take place on private land. It does,

however, impact on the Municipality in the longer term as some migrant labour decides to remain once the seasonal work is completed.

Although undocumented, the Municipality is also dealing with an influx of farm workers to urban centres as well as people from neighbouring municipalities seeking new economic opportunities. This is placing increasing pressure on the housing delivery program and efforts to eradicate informal settlements.

Number of households

Household size by population group of head of the household

1	3837	174	14	987	39	5051
2	2779	212	22	1714	54	4781
3	2491	226	12	443	24	3196
4	2138	232	1	349	6	2726
5	1290	155	4	97	3	1549
6	745	93	1	38	1	878
7	485	56	1	11	1	554
8	244	15	1	2	0	262
9	140	10	0	3	0	153
10+	167	14	0	0	0	181
Total	14316	1187	56	3644	128	19331

Source: Census, 2011

Based on the above data, the average household size is 3.2 persons per household. Of the total number households, 42.6 per cent are female headed. Given the high percentage of female headed households the municipality's planning and projects should be targeted at reaching out to these households. Furthermore, there is a need for the municipality to engage relevant sector departments, such as Social Development and Women, Children and People with Disability, in this regard.

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

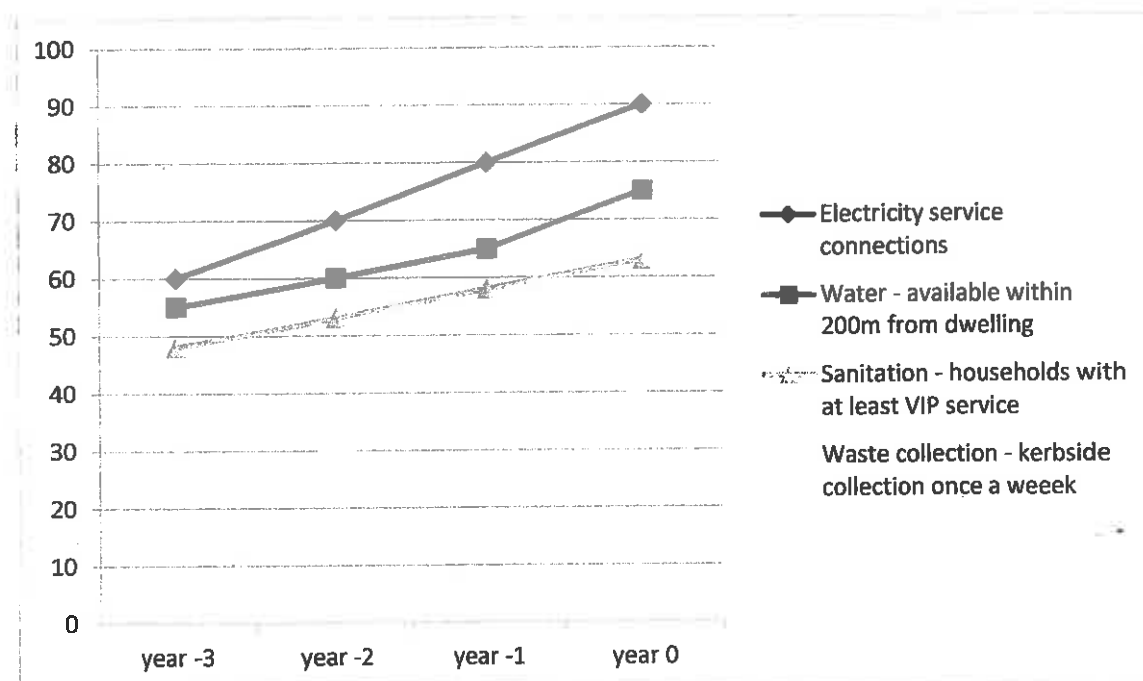
Basic service delivery achievements have been noteworthy and are continuing. Council has acknowledged that the biggest stumbling block to transformation and development within the municipal area has been suitable access to sufficient water. Council then embarked on a multi-year strategy to improve the water supply to the consumer base of Ndlambe Municipality. Implementation of these projects is underway. Other recent service delivery achievements include the various improvements and upgrades to various Waste Water Treatment Works, Technical upgrades to sewerage systems maintenance competency within staff. Candidates were selected from existing staff to attend a National Qualification Framework Level 2 Course in process control - thirteen candidates qualified. Labour intensive road maintenance and upgrade projects

Challenges include the following:

- Increasing unemployment levels within the consumer base.
- Increasing migration from rural agricultural sector to urban nodes
- Cost of service delivery when revenue base is considered.

- Ageing infrastructure operating in physically aggressive environment

Proportion of households with access to basic services



COMMENT ON ACCESS TO BASIC SERVICES:

It is a well-known fact that the reliability of the yields and the quality of the water from the respective water sources is in general inadequate. Furthermore the capacity of the bulk infrastructure is also inadequate especially during peak holiday seasons when holiday makers flock to the coastal resort town and the demand for municipal water supply cannot be met. This challenge is being addressed through grant funded projects. The present status quo results in many of the households in the area augmenting the Municipal supplies by establishing private rainwater harvesting facilities, which Council encourages and enforces within the building plan application process. All formal erven have access to basic services, which includes, water, sanitation, electricity refuse removal and road access. There are various levels of service but in all cases the minimum levels of service are exceeded.

1.4 FINANCIAL HEALTH OVERVIEW (2016/2017)

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

The application of sound financial management principles is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is an important focus area.

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

The annual financial statements for the financial year ending 30 June 2017 have been presented on the "GRAP accounting" basis. I am pleased with the entire finance team from the meter readers to the deputy director for the effort that they put into the changes that had to be made to meet the GRAP standards. The Auditor-General issued a qualified audit opinion on the financial statements of the Ndlambe Municipality for the financial year ending 30 June 2016 which is an improvement with the opinion issued on the previous financial year's statements. Such an opinion is still not acceptable and issues raised in the report of the Auditor-General must be taken seriously and be addressed as a matter of urgency. It is very important that we receive an unqualified report for the financial year ending 30 June 2016 so that we can pre-prepare for a clean audit by the financial year ending 30 June 2017.

The Ndlambe Municipality had six matters that led to a qualified audit report for the financial year ending 30 June 2010, two matters that led to a qualified audit report for the financial year ended 30 June 2011, seven matters that led to a qualified audit report for the financial year ending 2012, six matters that led to a qualified audit report for the financial year ending 2013, a disclaimer for the financial year ending 2014 and one matter that led to a qualification for the financial year ending 30 June 2015. For the financial year ending 30 June 2017, the municipality received a qualified audit opinion.

The issues that led to a qualified opinion for the financial year ending 30 June 2017 were as follows;

Basis for a qualified audit opinion

Irregular expenditure

The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year as required by section 125(2) (d) (ii) of the MFMA.

Every effort was made to address the issues raised by the Auditor-General in both the audit report and the audit management letter for the audit of the financial year ending 30 June 2016. An audit check list was developed and is been monitored by the internal auditor to ensure that we improve in the areas identified. Further controls and action plans have been implemented by the finance directorate to ensure that the financial statements are prepared timeously and that we work towards an improved audit outcome by the financial year ending 2017. To achieve a clean audit is going to be a challenge and all offices and directorates are going to have to pull together as a team to achieve the objective. The compilation of the financial statements and the audit undertaken by the auditor-general's office is no longer just a finance issue.

The demands on the finances of the Ndlambe Municipality continue to be significant as backlogs in services, aging infrastructure, and maintenance remain a serious challenge. Emphasis has to be put on enhancing our revenue streams and collecting debt due to the Ndlambe Municipality by consumer and ratepayers that have the ability to pay. Households that receive indigent grants that are in fact not indigent also need to be addressed.

The internally funded capital budget, the reduction in the maintenance budget and reducing budgets for depreciation/bad debts provision/income foregone as a means to balance the budget and the increase to our customer's needs to be seriously addressed in future financial years as the aging infrastructure needs to be replaced and maintained.

A major challenge that continues to face the administration of the Ndlambe Municipality and highlighted in the Auditor-Generals management letter, is the implementation and compliance to regulations emanating from the Municipal Finance Management Act including but not limited to supply chain management issues, asset management and budget control.

MUNICIPAL FINANCIAL VIABILITY

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPI Indicator	2014/2015	2015/2016	2016/2017
Debt coverage (Total operating revenue-operating grants received):debt service payments due within the year)		365 299 585	
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)		61 912 152	66 443 519
Cost coverage (Available cash+ investments): Monthly fixed operating expenditure		31 355 566	48 847 085

FINANCE DIRECTORATE

The finance directorate is a support directorate to other directorates and customers of the Ndlambe Municipality. The finance directorate consists of four sections namely the Budget and Treasury Office, Supply Chain Unit, Revenue and Expenditure. The main office of finance is situated in Port Alfred with three satellite offices in Alexandria, Kenton-on-Sea and Bathurst.

The objectives of the finance directorate for the 2016/2017 financial year were as follows;

- To revise and complete the entire Municipality's asset register to be GRAP Compliant (Generally Recognised Accounting Practice)
- Ndlambe is able to raise sufficient revenue (internal and external sources) and manage the assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff
- To maintain Finance assets
- To improve communication of the budget process
- To implement mSCOA according to National Treasury Circulars and guidelines.
- Households living below the poverty line, as well as vulnerable groups, have improved access to all required basic services, health facilities and social/ work creating programs
- Develop the Supply Chain Management Unit to be in line with the SCM policy and meet the requirements of good practice and address all issues raised in the report of the Auditor-General
- To ensure financial resources are utilised in an economical, efficient and effective manner
- Develop the capacity of the Budget and Treasury Office (BTO) to meet the requirements of credible financial management.
- To ensure that all revenue is collected on a monthly basis to cover the operating expenditure of the municipality on a daily basis
- To ensure all indigents have access to free basic services.
- To ensure an effective customer care service to all residents.

To meet the above objectives the following indicators were set that we needed to achieve;

- Percentage of progress made towards maintenance and rehabilitation of Asset register including all Finance Leases, Operating Leases, Infrastructure Assets and municipal and investment properties
- New asset acquisitions are recorded/captured on a monthly basis.
- The existence of all assets is verified half yearly.
- All assets acquired are bar coded and insured on a monthly basis.

- Percentage increase in the possible local revenue base
- 100% spending of FMG and MSIG funds.
- Increase in % of equitable share based on more accurate statistics in terms of the DORA
- Percentage decrease in non payment
- Percentage of elements of financial system utilized
- Increased in number of staff trained to effectively use the financial system
- Increase in number of useful reports generated for planning and monitoring purposes
- Increase in the investments of maintenance / upgrade of financial system
- Number of reports that meet the legal requirements at the right time
- Percentage of improved cash flow by reducing expenditure to match actual cash on hand.
- Number of Finance assets assessed and ensuring that they are utilized economically.
- Relevant advertisements and loud hailing are done within the legislated time frames
- Increase in number of households benefiting from poverty alleviation programs
- Fully operational SCM unit in line with SCM Policy and MFMA implemented
- Income and expenditure reports are provided on a monthly basis to offices and directorates for them to do budget control.
- Infrastructure investment plan is developed for development priorities in the IDP
- Relevant officials are trained to ensure that they are able to contribute to the financial management system (treasury departments and departmental managers)
- A process plan in place to ensure all new buildings, additions to buildings, re-zoning of properties, subdivisions and consolidations are forwarded to the finance directorate on a monthly basis for billing and valuation purposes.
- All residents who do not have the financial means to pay for basic services in terms of the indigent policy are registered.
- A complaint register to reduce number of complaints from residents resulting from system errors is developed
- Increase in response time and resolution of complaints to be within 7 days of receipt

Finance Directorate Challenges

The following general challenges were experienced by the finance directorate for the year ending 30 June 2016;

- Implementation of mSCOA
- Financial viability to ensure sustainability
- Turnaround time of customer queries and complaints
- Asset maintenance and asset control to ensure sustainability
- Revenue enhancement
- Lack of office space
- Staff establishment
- Reduction of bad debt, depreciation and income foregone budget to reduce the tariff percentage increase to ratepayers and consumers
- Water losses where Amatola Water to be paid for water lost
- Impact of mSCOA and National Treasury Guidelines on the procurement of a new financial system
- Decentralisation of the supply chain unit.

Finance Directorate Composition

Creditors

Payroll:

Senior Accountant: Ms A. Barkhuizen

Administer payment of salaries and allowances. Monthly reconciliation of salaries. Payroll runs on the Friday closest to the 25th of each month where salaries are transferred electronically to staff members bank accounts .Payments made to the Pension Funds, SDL, PAYE and UIF as well as other salary deductions due, are done before the 7th of the following month.

Creditors Payments.

Creditors Clerk: M Tshiwula

Creditor's Clerk: Ms. N Mama

Administer payment of creditors. Creditors to be paid within 30 days of invoice received date on a monthly basis, statements of creditors reconciled with the orders/requisitions issued- This has been a challenge seeing that not all documentation relating to these payments have been received in time as well as the ongoing cash flow problem within the Municipality- resulting that creditors not being paid within 30 days. Direct payments are done on a day to day basis for emergencies ,accommodation ,travelling and temporary wages

Stores:

Storekeeper: Ms Xoliswa Mjuza

Ass. Store Keeper: Ms Bulelwa Hoyi

Execute control over stock/stores -Buying and controlling of stock which includes stationery, petrol and diesel, water meters etc. Stocking taking at year end will no longer involve the participation of the storekeeper and Ass. Store Keeper, but will be done by the internal auditor and delegated staff members. During the 2016/2017 financial year several mini stock takes took place to rectify quantities and values incorrectly captured and issued as per requisitions and purchases. Slow moving stock, adjustment and obsolete stock items were taken to council to be written off as these were no longer in use by the Municipality. A mini stock take was then done at the end of March to determine if there were any more variances on the stores module vs stock on hand as well as to confirm that the quantities and values were correct.

The strategic objectives of the Creditors Section are to:

Creditors:

To utilise all the functions available on the creditors-abakus system in order to be more effective on directs/creditors payments

The key issues for 2016/2017 were:

- To get all expenditure processes computerized
- Balance all stock items and bin cards to the stores sub-ledger
- Balance and reconcile creditors statements

Revenue

Overview:

The revenue section within Ndlambe Municipality covers a wide range of functions which are of an administrative nature.

It plays a pivotal role in revenue generation and collection activities through;

- Formulation, implementation and reviewal of relevant revenue policies
- Ensuring compliance to national, provincial and local government legislation.
- Active participation in various government structures to promote intergovernmental.
- Engaging in revenue enhancement activities by billing for services consumed, provide key statistical data for setting annual tariffs, undertaking banking services, meter readings for billing purposes.
- Facilitation of property general and supplementary valuations and finally rating of properties.

One of the critical functions of the department is to continuously, monitor expenditure and give advice to other directorates to ensure that expenditure is within approved budget. Financial management is not only inward focused, it provides a wide range of services to local communities. It serves as a delivery mechanism for free basic services.

Free Basic Services

Financial function is responsible for facilitating an enabling environment for the implementation of free basic services by developing policies to be approved by council. It is through these policies that local communities can access this services. Communities are assisted by the Finance department to apply for these services and thereafter

facilitate payment for such services. Different mechanisms are considered to extend the provision of certain free basic services to informal settlement and rural areas. Such services are provided through an alternative sources of energy namely gel.

Service Delivery

The Finance department is one of the key role players in service delivery. Finances' role is to provide support to the departments that are directly involved in service delivery. Such support is ensuring of cash resources, these resources are generated through various billing activities, collections of payments due are done by the finance department. One of the greatest challenges that Ndlambe is faced with is electricity distribution in townships which fall under ESKOM's electricity distribution licences. The challenge is in the distribution network that is currently in place. It must be noted that this problem is not only in Ndlambe.

There are number of problems to mention a few, insufficient credits levels maintained by the vendors resulting unavailability of electricity to consumers. The matter has been addressed with ESKOM, but no solution has been provided to us.

Property Valuations

A supplementary valuation was carried out during the 2016/2017 financial year to rate new properties and properties that have had improvements done. The supplementary valuation roll was completed and implemented.

Strategic Objectives

The following are finance key strategic objectives which will contribute towards achievement of the municipality's strategic objectives;

- Creation and maintenance of a credible valuation roll
 - Building and maintenance of a good customer relationship
 - Creation and maintenance an internal customer approach when serving other internal departments.
 - Reduction of errors in billing
 - Ensuring maximum collection of municipal revenue through billing and revenue collection.
 - Capacitating of departmental staff
 - Use of various tools, equipment, to enhance revenue collection
 - Identification of unbilled and unmetered consumption to enhance our revenue base.

Key issues for 2016/2017 financial year are;

The focus will be on the following issues, which are critical for service delivery and financial viability of Ndlambe Municipality, these will include but not limited to the list below;

- Resourcing the department
- Capacitating staff
- Improving billing and credit control information system/reports
- Increasing the number of registered indigents
- Reduce account queries
- Shorten account query response time
- Increasing debt collection efforts
- Improving customer relations
- Exploring other debt collection mechanisms
- Ensuring continuous supply of electricity to consumers in Ndlambe townships.
- Increased accessibility of Free basic Electricity to indigent people through ;
 - Indigent registration and
 - Issuing of free tokens without purchasing coupons.
 - Provision of alternative energy sources to rural and informal settlement communities.

It must be noted that due to processes to be followed some of the issues may be both short and long term issues

Budget And Treasury Office

Budget and Treasury Office was established in terms of section 80 of the MFMA. It consists of BTO managers reporting directly to the CFO:

- Senior Accountant (2),
- Asset Clerk,
- Three Interns
- Mentor reporting to the BTO Manager.

The functions of the BTO are as follows:

- Budgeting,
- Financial Statements & Reporting,
- Asset Management,
- Cash Management,
- Investments
- Insurance.

The function of the budget and treasury office within the municipality is administered as follows and includes:

Budgeting

The Municipality's annual budget comprises of an operating budget and a capital budget. The operating budget funds employee salaries, operating costs, purchases and assistance for the poor, such as free basic water and sanitation. The Municipality's business and service delivery priorities were reviewed and where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The focus is to critically review expenditure on non-core items.

The capital budget is set aside for spending on infrastructure and services, such as roads, water and sanitation as well as the many other utilities and services that Ndlambe Municipality needs in order to function, grow and offer opportunities to its residents.

The entire budget amount per annum is based on the income that the Municipality accrues on rates, service charges, and grants and subsidies. Budgeting on the accrual basis enforces strict cash control measures as before expenditure can be incurred the income must be in the bank. The municipality has to move to a cash budget so that expenditure can be more certain.

BTO's involvement in budgeting starts from the planning, strategizing, preparing, and tabling, approving, finalizing and implementation stage. The planning and strategizing stages are done through the political guidance by the Mayor. i.e. review of time table schedule and the previous year's budget process to determine what went wrong, what should be corrected and the way forward. This can be done through internal and external participation. The preparation to the finalizing stage of the budget is done by the BTO with the assistance of the Accounting Officer and the co-operation of the other directorates. After the implementation the BTO conducts the in-year monitoring of the budget. The major difficulties we encountered in the budget preparation are the directorates are not adhering to the time table schedule approved by the council. The directorates are not procuring according to their budget. IDP is not aligning to the budget. The directorate does not prepare their departmental SDBIP.

The strategic objectives of this function are to:

- Compile well balanced, representative and affordable budget informed by the IDP and available resources.

The key issues for the financial year are:

- The in-year monitoring to control the budget.
- Engaging of the Mayor and the Accounting officer involvement in the budget in order to achieve a smooth budget process.
- To include the SDBIP in the Budget process

Financial Statements And Reporting

The BTO coordinates the process of preparing the financial statements with the finance management team. The finance management team is required to prepare statements that are in accordance with generally recognized accounting practice (GRAP). The financial Statement are handed over to Auditor General at the 31 August for auditing purposes as required by the S126 (1) b of the MFMA. The BTO prepares the monthly, quarterly, half yearly and yearly reports to Council, National and Provincial Treasury based on the requirements required by the MFMA.

The strategic objectives of this function are to:

- Compile accurate and reliable financial statements and reporting which reflect the true financial position of Council.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to achieve an unqualified audit report.

The key issues for the financial year are:

- Striving to produce financial statements that are fully complying with GRAP.
- To develop a monthly checklist to correct errors on matters affecting the financial statements before the reporting date.

Asset Management

BTO coordinates the verification of assets towards the year end. Control the movement, transfers, acquisitions and disposals of Council assets on a daily basis. Report to Council a list of assets to be disposed for approval.

The strategic objectives of this function are to:

- Keep record and the movement of Council assets.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to locate, identify and revalue all Municipal Assets.
- Ndlambe Municipality is able to raise sufficient revenue (internal and external sources) and manage their assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs.

The key issues for the financial year are:

- To maintain the asset register on a monthly basis.
- Ensuring that the Council asset register complies with GRAP.
- Conducting a monthly checklist ensuring the asset register balances with the ledger.

Cash Management

Prepares a daily cash flow to determine whether the council is in the status to spend from the budget. Informs the directorates if there are any cash flow problems.

The strategic objectives of this function are to:

- To secure sound and sustainable cash flow management of the Council.

The key issues for the financial year are:

- To review the cash management and investment policy in accordance with any framework that may be prescribed in terms of s13 (1) of the MFMA.

Investments

The BTO maintains the quotation register. Identify monies that are transferred to the Council current account and invest monies not immediately required. Prepares the monthly reconciliation, realises and re-invest investments on the due date. Make withdrawals on the investments to the revolving fund, debit the current account with the original money invested and credit the vote provided by a specific director.

The strategic objectives of this function are to:

- To secure sound and sustainable investment procedures of the Council.

The key issues for the financial year are:

- Implement authorization and review the investment decision made of the employee making the investment

Insurance

The BTO register all the new assets to the insurance company take out the disposed assets from the insurance list. Make insurance claims for the damage or stolen assets. Allocate payments received from the insurance company to the relevant vote. Update insurance claim register. The problems encountered when implementing the insurance activity are directorates are not informing the BTO of the new acquisitions and stolen assets for insurance additions. Directorates are submitting insufficient information for insurance claims and are not adhering to the terms of the insurance contract. i.e. late submissions

The strategic objectives of this function are to:

- To ensure all the Council assets as per asset register are insured.

The key issues for the financial year are:

- To review the fixed asset register to comply with GRAP and ensuring that the fixed assets are at the market value for the insurance purposes.

SUPPLY CHAIN MANAGEMENT

REPORT FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2017

SUPPLY CHAIN MANAGEMENT POLICY – Paragraph 6(3)(a) and 6(4) REPORT – 2015/2016 FINANCIAL YEAR

Extracted from the SCM Policy as approved by Council:

"6. Oversight role of the council

(3) For the purposes of such oversight, the accounting officer must –

(a) within 30 days of the end of each financial year, submit a report on the implementation of this policy to the council through its mayor;

(b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.

(4) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.

(5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act."

REPORT FOR THE PERIOD 1-JULY 2016 TO 30 JUNE 2017

1. Staffing Matters

During the 2017 Financial Year, the three permanent staff members of the Unit continued to face many challenges, due mainly to an insufficient number of staff members in the Unit to carry out the full range of duties as set out in the Municipality's Supply Chain Management Policy.

To ensure sustained compliance with Best Practice processes, and to address to issues raised previously by the Auditor-General, the Logistics Clerk post was filled on a permanent basis with effect from 1 January 2017. However, the Task Grading in respect of this new post has, as at 31 March 2017, still not yet been completed.

The post of Logistics Clerk remains the **only** currently occupied post which has yet to be task graded. No firm indication has been provided by the Human Resources Section as to when this evaluation will be completed but it has been intimated by the HR Section of Ndlambe Municipality that the conclusion of the process is imminent.

In March 2017, the Acting CFO made arrangements to provide the SCMU with the services of an intern to assist due to the increased volume and range of work as a result of the migration from the Abakus financial system to the Munsoft financial system. In addition, the Logistics Clerk went off on maternity leave and returned to work on 1 September 2017.

2. Office Infrastructure

Training on the finer points of utilisation of the new VoIP telephone switchboard system has not yet been provided, and, as use is currently being made of low volume stand-alone units, it is also felt that, due to the requirements of the new Munsoft system, the SCMU is in need of a high volume scanner/printer

3. Decentralised Supply Chain Processes

It remains a challenge to fully and comprehensively comply with the administrative and reporting requirements of legislation due to the currently dispersed nature of responsibility for the various Supply Chain Management functions.

The lack of central co-ordination regarding Supply Chain matters such as bid notice preparation, bid committee minutes and agendas, notice placement and other related issues remain an obstacle in complying with the required processes contained within the Supply Chain Management Policy.

Although the ideal situation would be to **establish** a fully-fledged centralised Procurement Section at Ndlambe Municipality, the problem remains that it **would** be an extremely costly exercise, and would place enormous strain on the overall constraints of restricting increases in budget expenditure. However, until such time that this situation is comprehensively addressed, the Municipality will run the risk of not fully complying with legislated requirements.

It has recently become apparent that progress may shortly be made in this regard with a possible phasing-in approach being followed.

4. Ndlambe Municipality Supplier Database

By amendment to the Supply Chain Management Policy, the municipality's supplier database, with effect from 1 July 2016, has become, *de facto*, the Central Supplier Database (see below).

5. Web Based Central Supplier Database (CSD)

With effect from 1 July 2016, Municipalities must use the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations. This means that the requirement for Ndlambe Municipality to operate and maintain a separate supplier database has fallen away, as all organs of state (including municipalities) must, from 1 July 2016, make exclusive use of suppliers who are registered on the CSD.

To this end:

- An amendment to the Supply Chain Management Policy of the municipality, in line with the recommendations of National Treasury regarding compulsory CSD registration, was approved by Council in June 2016.
- SCMU officials have been assisting many local potential suppliers to register on the CSD.
- The Supply Chain Manager has been registering Ndlambe officials as users on the CSD so that user departments can search this database for potential suppliers. This is an ongoing process.

The response from, particularly local, current suppliers to the municipality has, regrettably, been extremely poor. Ongoing efforts to encourage registrations are being made but there exists a considerable risk that the municipality, in order to ensure ongoing service delivery, may be left with no other option than to transact with unregistered suppliers.

The current user-friendliness of the CSD has proved to be rather challenging, and suggestions are being made, on an ongoing basis, to National Treasury regarding possible improvements to this aspect of the system.

6. Minimum Competency Levels

Section 119(1) of the MFMA states that: *"The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels."*

Both the Head: Supply Chain Management and Acquisition Officer must therefore comply with the requirements of the National Treasury: Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels in this regard.

The Head: Supply Chain Management commenced the required studies in April 2013 and the Acquisition Officer during the 2015 financial year.

The Acquisition Officer is enrolled at Fort Hare University but, due to ill health, has missed six Unit Standards. The Supply Chain Manager directed various e-mails to the university regarding the completion of these standards, but has yet to receive a reply.

7. Abakus System migration to the Munsoft System

Due to onerous mSCOA account coding requirements and shortcomings of the Abakus system, Ndlambe Municipality had no option other than to acquire an mSCOA compliant/capable system, Munsoft being the software of eventual choice. The migration process commenced in March 2017, and many challenges soon manifested themselves e.g.

- A large number of Abakus orders having to be recaptured onto the Munsoft system.
- A defective Abakus report necessitating a review of the accuracy of all data relating to the above recapturing process.
- Munsoft stationery formats not talking satisfactorily to the SCMU's printers.

The challenges resulting from these additional work loads are being systematically addressed, but time constraints have resulted in considerable pressure being placed on the SCMU officials.

8. Deviations from SCM Processes

Although tendering procedures and many other provisions of the Supply Chain Management Policy were adhered to, many deviations (as defined in Section 36 of the SCM Regulations and Para 39 of Ndlambe Municipality's SCM Policy), mostly relating to the Informal and Formal Written Quotation provisions, still occur on a regular basis. Concerted efforts are continually being made by the Supply Chain Management Unit to inform user departments of ways to decrease their reliance on using deviations to support acquisitions.

9. Review of Formal Written Quotations

During the year under review, the SCMU reviewed and performed evaluations and preferential points calculations in respect of Formal Written Quotation invitations (acquisitions from R30 000 to R200 000) as follows:

<u>Period</u>	<u>Number of Evaluations</u>	<u>Total Value (based on the prices of the highest points scoring bidders)</u>
Quarter 1	19	R1 905 783
Quarter 2	30	3 682 008
Quarter 3	31	3 598 772
Quarter 4	31	13 789 333
Total 2016/2017 Financial Year		R 22 975 896

10. National Treasury MFMA Circular 77 – Model SCM Policy for Infrastructure Procurement and Delivery Management

In October 2015 this circular, which suggested a separation of supply chain management requirements for general goods and services from those for infrastructure delivery, was issued. A "model" Infrastructure Procurement and Delivery Management policy was also provided.

As the current Supply Chain Management Regulations (Municipal Supply Chain Management Regulations per Notice 868 of 2005) do not make any provision for municipalities to have more than one Supply Chain Management Policy, no action, other than noting the contents of the circular, was taken.

11. National Treasury MFMA Circular 83 – Publication of information on the eTender Publication Portal

This circular, issued in July 2016, set out “requirements” by National Treasury (although a Circular is obviously not any form of Regulation) for municipalities and municipal entities to advertise, on the eTender Publication Portal (<http://www.etenders.gov.za/>), all their bids and publish notices of all awarded bids, cancellations and deviations, variations and extensions of existing contracts.

The circular also stated, *inter alia*, that:

- “Accounting Officers must utilise the Organ of State System Account Application Form on the Office of the Chief Procurement Officer (OCPO) website to request access rights on the eTender Publication Portal.” No clarity has yet been provided to the SCMU regarding this matter.
- “The National Treasury will facilitate access to the system and provide training and support in collaboration with Provincial Treasuries.” No indication as to when this training will be provided has been received by the SCMU.

The circular also does not make any mention of a commencement date of the requirements. No action, other than noting the contents of the circular, has therefore been taken by the SCMU.

12. Preferential Procurement Regulations, 2017

The Minister of Finance, on 20 January 2017, made new regulations in terms of the Preferential Procurement Policy Framework Act of 2000, with a commencement date of 1 April 2017. The main changes from the repealed regulations of 2011 are as follows:

- The raising of the 80/20 preferential points upper threshold from R1 000 000 to R50 000 000 (Regulation 6).
- The permitting of specific targeting of bidders by means of pre-qualification criteria (Regulation 4).
- The permitting of tender wording to cover both the 90/10 and 80/20 preferential points systems (Regulation 3).
- Minor amendments to the preferential points table (Regulations 6(2) and 7(2)).
- Compulsory subcontracting (if feasible) to designated groups for contracts above R30 million (Regulation 9).
- Remedies available to organs of state regarding the submission of false information.

In view of these amendments, it was necessary for Ndlambe Municipality to amend its Supply Chain Management Policy. To this end, on 14 March 2017, the Supply Chain Manager submitted a draft 2017/2018 Supply Chain Management Policy, which incorporated changes per these new Regulations, to the Acting CFO and Finance PA for review, amendment if required and submission to Council for approval.

Although the commencement date of 1 April 2017 suits most organs of state as this date coincides with the commencement of their 2017/2018 financial year, it is a challenge for municipalities as their financial years commence on 1 July 2017. This means that, for the last quarter of the 2016/2017 financial year, municipalities should have approved and implemented a revised SCM policy which is consistent with the 2017 Regulations.

13. Sarah Baartman District SCM Forum

The District SCM Forum was established when the Sarah Baartman District Provincial Treasury office, further to a suggestion put forward by the district’s CFO Forum, was convened and chaired (by PT Director Mr Themba Gwija) an inaugural meeting on 2 September 2016 in Port Elizabeth, which was attended by the Ndlambe Municipality’s Supply Chain Manager.

It was resolved, *inter alia*, at this (inaugural) meeting that the SCM Forum would meet at least on a bi-monthly basis. To date, meetings have been held as follows:

Date	Venue	Topics summary
2 September	SBDC Chamber – Port	Terms of reference of Forum, CIDB presentation (Ms

2016	Elizabeth	Tabu), AG presentation (Mr Minnaar).
7 October 2016	SBDC Chamber – Port Elizabeth	Snapshot presentations on SCMU issues by each municipality.
25 November 2016	Provincial Treasury offices - Port Elizabeth	Presentations by Mr Cyril Weimers of PT, Bisho, on the utilisation of the web based Central Supplier Database system and Contract Management processes within the Supply Chain Management function.
16 February 2017	SBDC Chamber – Port Elizabeth	Presentations by Mr Radhesh Surajbali of PT, Bisho, on the Preferential Procurement Regulations (PPR) of 2017, and by municipalities present on 2015/16 SCM Audit Findings of the AG.
26 May 2017	SBDC Chamber – Port Elizabeth	Presentation on the SCM Circular 69 on Local Production and Content by the Department of Trade and Industry

It is the opinion of the Supply Chain Manager that these meetings are extremely beneficial in that:

- Valuable exchanges of information can take place between the SCM practitioners.
- The opportunity now exists for the municipalities to prepare and jointly pursue matters of concern by using the voice of the Forum.
- Informative presentations, as arranged by Provincial Treasury, provide practitioners with updates and clarities relating to the many ongoing and dynamic legal and administrative issues relating to supply chain processes.

Municipal Regulations on a Standard Chart of Accounts (mSCOA)

In terms of section 169(1) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577 subsequent to formal consultation. The Municipal Regulations on a Standard Chart of Accounts inter alia makes provision for an updated GFS Classification Framework, Detailed Classification Framework of the 7 Segments (SCOA Version 5.5).

In preparation for the implementation by all 278 municipalities by 1 July 2017, the National Treasury, in collaboration with the respective provincial treasuries has undertaken phase 4, Change Management and Piloting of the SCOA classification framework version 5.5. and has dealt with the transversal procurement procedures for mSCOA financial systems. The necessary structures have been established and municipalities and other stakeholders are kept informed of the way forward.

Ndlambe Municipality, unfortunately, was not declared a Pilot Site by National Treasury and in the initial phases the ABAKUS financial system would not have been mSCOA compliant however certain criteria have been amended and ABAKUS is now looking as if it will be able to be upgraded to meet mSCOA requirements. However, a new financial system or an updated financial system that is mSCOA compliant will have to be procured. To meet the target date of 1 July 2017, the Standard Chart of Accounts should have been implemented from 1 July 2016, in order to effectively roll-out of the mSCOA implementation plan that has been adopted but this did not materialise due to the transversal tender and correspondence received from National Treasury on financial systems.

EMPLOYEE BENEFITS AS AT 30 JUNE 2017

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and

allowance for the 2016/2017 financial year and the past two financial years and it will be noted that the municipality is within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure (R'000)	Percentage
2014/2015	106 460 133	244 612 251	44.00%
2015/2016	122 051 164	314 270 471	39.00%
2016/2017	118 877 349	316 616 592	37.00%

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2014/2015	2015/2016	2016/2017
Description	Actual	Actual	Actual
Councillors (Political Office Bearers plus Other)			
Salary Package	5 608 728	5 959 606	6 050 938
Senior Managers of the Municipality			
Salary Package	5 634 315	6 440 005	5 759 796
Other Municipal Staff			
Basic & 13 th cheque	63 665 702	69 224 109	72 148 748
Allowances	3 102 437	3 181 829	3 996 189
Post employee benefit	13 673 206	24 287 212	13 570 895
Medical aid – Company contributions	6 761 734	7 784 420	8 432 080
Unemployment Insurance Fund (UIF)	636 132	679 205	868 169
WCA	292 926	403 962	421 327
Skills development levy	791 859	884 013	931 208
Leave pay provision	17 660	415 918	321 665
Overtime payments	7 380 691	9 637 805	10 254 331
Car allowance	2 692 424	2 760 908	2 683 744
Housing Benefits	360 194	990 394	1 043 648
Group insurance	321 827	403 129	432 967
Industrial levy	39 899	43 435	44 429
Casuals	925 294	1 354 826	3 727 949
Sub Total	36 996 283	52 827 056	118 877 349
Total	48 239 326	65 226 667	130 688 083

Names of pension fund	Number of members	Names of Medical Aids	Number of members
Cape Joint Pension Fund	5	LA Health	65
Cape Joint Retirement Fund	269	Bonitas	153
SALA Pension Fund	41	SAMWU National Medical Scheme	131

SAMWU National Pension Fund	93	Hosmed	14
Sanlam Pension Fund	6	Key Health	2

SERVICE PROVIDERS TO THE FINANCE DIRECTORATE STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. Service provider means a person or institution or any combination of persons and institutions which provide a municipal service.

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or behalf of the municipality.

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

Section 116(2) of the MFMA further states that:

The accounting officer of a municipality must:

- take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- monitor on a monthly basis the performance of the contractor under the contract or agreement;

The following table is to provide information related to the performance of external service providers that were utilised by the finance directorate during the 2016/2017 financial year;

Contract name	Supplier name	Type of services rendered	Term of contract (in months)	Performance	Average rating	Comment and/or corrective action when under performed
Banking Services	FNB	Banking	Expired	Only issue was the slow response on electronic banking	Good	N/A
Delivery of Accounts	CAB Holding	Mailing of debtor accounts	Month to Month	Issues with e-mailed accounts	Fair	N/A
Asset Verification	PWC	Compile asset register	5 Months	Slow hand-over	Good	N/A
GRAP Advisor	A2A Kapano	Assistance with AFS	3 years contract	Good skills transfer	Good	N/A

Supplementary Valuation	Penny Lindstroom	Property Valuation Services	4 years	Insufficient data for appeal hearing	Fair	Matter addressed by using additional staff
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FINANCE RELATED BY-LAWS

By-laws Introduced during 2016/2017					
Newly Developed	Revised	Public Participation conducted prior to adoption of by-laws (yes/no)	Dates of public participation	By-laws Gazetted* (yes/no)	Date of publication
0	0	N/A	N/A	N/A	N/A

COMMENT ON BY-LAWS:

The finance policies that were reviewed and adopted for the 2016/2017 financial year did not necessitate any amendments to the financial by-laws that are in place. The finance related by-laws are available on the municipal web-site and at the finance offices.

FREE BASIC SERVICES AND INDIGENT SUPPORT

The free basic services were funded from the "equitable share" grant received from National Treasury.

The criteria for an Indigent Household for 2016/2017 were as follows:

- ✓ The applicant must be a resident of the municipality.
- ✓ The applicant must be in possession of a valid South African identity document.
- ✓ The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold for a 100% rebate is an income of not more than two state pensions per month. The guideline relating to the threshold for a 30% rebate is an income between two government state pensions and R3500 per month.
- ✓ The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- ✓ Any occupant or resident, as per the definition of indigent, of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- ✓ A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- ✓ The account of a deceased estate, may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.
- ✓ Rateable house value of less than R200 000.
- ✓ Any one of the following factors will serve as a disqualification :
 - ✓ Where the applicant is a subscriber to either M-net or DSTV;
 - ✓ Where the applicant has or allows any business to be operated on the property
 - ✓ Where there is no written service agreement with the applicant;
 - ✓ Where the applicant owns more than one property
 - ✓ Where any of the documents requested in the application is not supplied.

Water leaks on the consumer side of indigent households are repaired at no cost to the household by the municipality. Great savings on water losses were affected by these actions. The municipality needs to ensure that all indigent households have pre-paid electricity and water flow limited meters to keep consumptions to the limit allowed by the policy.

The following tables indicate the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R2 800 per month will receive the free basic services as prescribed by the Ndlambe Municipality Indigent Policy.

Financial year	Total Households to Number of Indigent Households								
	Total of all Houses	Electricity		Water		Sewer		Refuse	
		Total Indigent Houses	%	Total Indigent Houses	%	Total Indigent Houses	%	Total Indigent Houses	%
2014/2015	17135	6330	71.1%	8733	98.1%	4248	47.7%	8332	93.6%
2015/2016	17546	6339	65.9%	8108	84.3%	4310	44.8%	8414	87.5%
2016/2017	18164								

Financial year	Total Households to Number of Indigent Households		
	Type of Alternate Energy Provided	Alternate Energy	
		Total Indigent Houses Receiving Free Alternate Energy	
2014/2015	Gel and Stoves	1276	
2015/2016	Gel and Stoves	1400	
2016/2017	Gel and Stoves	1300	

Financial Performance 2016/17: Cost to Municipality of Free Basic Services Delivered						
Category	2014/2015	2015/2016	2016/2017			
	Actual	Actual	Budget	Adjusted Budget	Actual	Variance %
	R'000					
Rates		2074			2122	
Electricity		3611			6248	
Water		2590			8137	
Sanitation		10586			11279	
Solid Waste		8369			9095	
Alternate Energy		490			84	
Other		4929			4881	
TOTAL		32 649			41 846	

LAMBETH TOTAL YEAR TO DATE DEBTORS - AGE ANALYSIS AS AT JUNE 2017										
	ID	ALTY								
	RS	EREST	DAYS	DAYS	DAYS	RENT	AL			
as (Yearly)	2 081 172	-	443	2 971		4	0 590			
as (Monthly)	33 170 772	-	5 833	27 220	9 549	1 282	068	56 816		
vice Charge	8 690 541	-	7 701	2 215	157	621		7 694		
er	31 036 558	-	5 657	68 669	193	5 723	866	54 375		
age	11 772 559	-	4 475	9 626	681	057	78	27 460		
itation	1 668 493	-	726	4 936	91	339		2 791		
use	13 014 090	-	1 851	7 133	842	6 100	821	45 105		
tricity	12 773 860	-	9 156	3 677	8 994	2 188	1 470	79 545		
sing	521 615	-	213	597	05	32	274	573		
al Fees	441 469	-	93	748	5	2		288		
gent Charge	8 846	-	47	186				1		
dry	995 928	-	139	985	25	686	589	546		
romental Levy	3 476 626	-	984	2 022	577	874	480	8 977		
efined Category	-4 191	-		91				91		
AL : JUNE 2017			41 517	71 424	6 034	52 746	31 991	449 731		

DEBTS WRITTEN OFF 2016/2017

2016/17		
Categories	Amount	%
RATES (MONTHLY)	1 073 907.84	7.25%
SERVICE CHARGE	586 709.84	3.96%
WATER	7 928 835.38	53.55%
SEWERAGE	1 544 707.92	10.43%
SANITATION	85 710.51	0.58%
REFUSE	1 520 325.18	10.27%
ELECTRICITY	351 808.75	2.38%
HOUSING	12 090.06	0.08%
LEGAL FEES	80 008.66	0.54%
INDIGENT CHARGE	-2 481.38	0.02%
SUNDRIES	1 220 006.78	8.24%
ENVIRONMENTAL LEVY	399 844.69	2.70%
Total	14 806 436.99	100%

BASIC SERVICE DELIVERY				
Objective	Indicator	Annual Target	Comments	
Ensure that water is supplied as per DWA Standards	% increase of indigent households having access to free basic potable water	94%	This objective has been achieved and the monthly reports and indigent drives are evidence	
Ensure that water is supplied as per DWA Standards	% increase of indigent household with access to free basic sanitation services	100%	All approved applicants are granted free basic sanitation benefit on approval of the application.	
Ensure that water is supplied as per DWA Standards	% increase of indigent households with access to basic electricity service in direct proportion to housing projects coming on-line	100% of formal urban households to have access to electricity	This target has been achieved, all indigent within Ndlambe licenced distribution area are granted Free Basic electricity in our prepaid system	
Ensure that water is supplied as per DWA Standards	% increase of indigent households with access to free alternative energy	Register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	Exceeded the target set	
MUNICIPAL & INSTITUTIONAL DEVELOPMENT & TRANSFORMATION(KPA2)				
Ensure efficient and cost-effective management of the resources and the performance of the Municipality	Fiscal discipline maintained and monitored	12 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS	This target was met and all reports submitted	
Ensure efficient and cost-effective management of the resources and the performance of the Municipality	Performance Information reports analysed and signed off	4 Quarterly Performance Reports S72 Mid-year Performance Report Annual Report	This target was met and all reports submitted	
Ensure efficient and cost-effective management of the resources and the performance of the	Quarterly reports on implementation of Financial Delegations of Authority analysed and signed off	4 Quarterly Financial Reports Annual Financial Delegations Report	This target has not been met. The finance signed delegations are in place from 1 July 2015 but the 4 quarterly reports have not been completed.	

Municipality	Adopted Budget process and time schedule approved according to applicable prescripts	Adopted Budget process and time schedule	This target was met and approved by Council in August 2015
Promote integrated development planning in the Municipality			
LOCAL ECONOMIC DEVELOPMENT			
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT			
Ensure financial viability of the municipality	Improved revenue mechanisms to be implemented according to Municipal systems Act and the Municipal Finance Management Act.		100%
	Supplementary valuation rolls, as prescribed by the Municipal Property Rates Act No 6 of 2004, on all improvements to properties, subdivisions and consolidations done in the financial year.		100%
	Measures put in place to obtain a credit rating by independent rating agency		None
	% increase in revenue collection rate		78%
	% expenditure spent on approved budget		80%
	Compliance with budget preparation and budget related policies finalisation in accordance with the MFMA		100%
	Number of in year budget performance reports as required by MFMA submitted on time		100%
	Compliant budget adjustment approved by council in terms of all legislated requirements by 28th February 2016		100%
	Positive cash flow management according to MFMA & its regulations maintained		100%
	% improvement in the implementation of Indigent Policy		100%
<p>This target has been achieved for the financial year, Supplementary valuation roll was compiled and implemented, metering device audits had been done we are about to implement the results of Port Alfred water meter audits. Consumers are being migrated to prepaid electricity devices.</p> <p>This target has been met and the supplementary valuation was implemented before year end</p> <p>This target was not met as there was not sufficient funding available to undertake the credit rating</p> <p>This target was achieved, as at 30 June 2016, a total 79.1% of the amount was collected.</p> <p>Did not achieve the results due to cash flows</p> <p>This target has been met and the tabled budget was considered by Council before end March 2016, budget was considered by Council before end May 2016 and budget was approved by Council before the start of the new financial year</p> <p>This target has not been met as despite all reports been done and submitted not all were done on time.</p> <p>This target was not met as although the main adjustment budget was approved by Council by end February 2016 other adjustment budgets were done after that period</p> <p>This target was not met as although we maintained a positive cash flow we had to hold back payments of certain creditors</p> <p>This target has been met to a certain degree, improvement of implementation is a continuous, consequently we have appointed service providers who will do use electronic indigent application</p>			

				devices.	
	Compliance with legislated SCM reporting requirement in line with SCM Policy and MFMA		100%	This target has not been met as not all required reporting was done	
Ensure that the implementation of Supply Chain Management according to the SCM policy	Standard operating procedures operationalised in accordance with SCM policy and legislation.		100%	This target has not been met as the function remains decentralised and not all documentation goes through the unit	
	Steps taken to mainstream the implementation of SCM according to the policy and good practise		100%	This target has not been met as the function remains decentralised	
	Procurement Plans monitored in line with the SCM policy		100%	This target has not been met as supply chain has not had any response to the request to provide the plans	
	% reduction of irregular expenditure related to procurement documentation in line with legislation and SCM policy		100%	This target has not been met and is evident by the irregular expenditure register.	
	Annual financial statements that are 100% compliant to GRAP standards as per gazette issued by National Treasury		100%	Yes in our opinion this target has been met and the statements are 100% GRAP compliant	
Ensure improved sound financial management	Measures in place to monitor and control fruitless and wasteful expenditure		1	This target has been met and the register is maintained by the creditors section	
	Increase in the number of finance employees that are competent (SETA certification) on minimum competency levels as regulated		4	This target has not been met. Two have completed and three are in the process of completing and one is still to commence	
Maintain and manage all municipal assets	% increased budget provision for asset repairs and maintenance		1%	Target was met	
	Asset Management System with Fixed Asset Register in place as prescribed by GRAP and the MFMA		100%	This target has been met with the assistance of Price Waterhouse Coopers. See the BAUD Asset Register	
	% reduction of Stock losses		5%	Target was met	
GOOD GOVERNANCE & PUBLIC PARTICIPATION					
Promote good corporate governance	A Framework for Financial Delegations of Authority in place as prescribed by the MFMA	Finance delegations registers signed as accepted and approved		This target was met and all signed delegations in place	

Finance Directorate Budget 2016/2017

Category	Budget- Adjusted	Final	Actual	Variance	% Variance
Assessment Rates					
Income	-175 851 037		-159 643 897	-16 207 140	9%
Administration					
Salaries	1 600 572		1 264 228	336 344	21%
General Expenditure	612 317		279 313	333 004	54%
Repairs and Maintenance	6 000		3 237	2 763	46%
Income	-182 767		-138 495	44 272	24%
Supply Chain					
Salaries	1 663 483		913 208	750 275	45%
General Expenditure	430 888		164 022	266 866	62%
Repairs and Maintenance	6 600		1 143	5 457	83%
Income	0		0	0	0
Revenue					
Salaries	6 875 966		5 097 912	1 778 054	26%
General Expenditure	4 198 265		3 020 899	1 177 366	28%
Repairs and Maintenance	65 258		30 650	34 608	53%
Income	-923 748		-484 758	438 990	48%
Expenditure					
Salaries	1 813 603		1 385 686	427 917	24%
General Expenditure	572 998		231 283	341 715	60%
Repairs and Maintenance	0		0	0	0
Income	0		0	0	0
BTO Office					
Salaries	1 373 487		957 432	416 055	30%
General Expenditure	1 399 690		408 619	991 071	71%
Repairs and Maintenance	27 000		12 527	14 473	54%
Income	-40 710		0	40 710	0%
Stores					
Salaries	376 658		279 720	96 938	26%
General Expenditure	176 253		62 222	114 031	65%
Repairs and Maintenance	36 000		221	35 779	99%
Income	0		0	0	0
Valuations					
General Expenditure	336 972		105 089	231 883	69%
Income	0		0		

Financial Performance 2016/2017: Financial Service - Stores					
Details	2015/2016	2016/2017			
	Actual R'000.	Original Budget R'000	Adjustment Budget 'R000	Actual R'000	Variance to budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	344 206	376 658	376 658	279 720	96 938
General	67 030	176 253	176 253	62 222	114 031
Repairs and Maintenance	1 541	36 000	36 000	221	35 779

Employees: Supply Chain Management Unit					
Job Level	2015/2016	2016/2017			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Ungraded Posts	5	5	5	3	60%

Financial Performance 2016/2017: Supply Chain Management Unit (R'000)					
Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	1 203 664	1 663 483	1 663 483	913 208	750 275
General	164 183	430 888	430 888	164 022	266 866
Repairs and Maintenance	3 923	6 600	6 600	1 143	5 457

Finance Directorate - Staff Component – 2016/2017

The staff component does not fall into an ideal structure and this needs to be addressed when the budget and cash flow allows. It is also critical that the budgeted posts in finance must be filled at all time or debt collection and segregation of duty becomes a problem and in turn increases the risk factor.

MFMA Competencies – Finance Directorate

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

Employees and interns were identified in the finance directorate to obtain the abovementioned qualification and prescribed competencies.

All of the finance directorate staff apart from the Assistant Director: Expenditure has complied with the requirements of the Government Notice 493 of June 2007.

Financial Sustainability of the Municipality

Financial Overview: 2016/2017 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:	416 574 640	362 293 426	315 456 826
Grants	134 253 929	145 856 358	130 467 350
Taxes, levies and tariffs	94 617 170	94 617 170	83 109 186

Details	2015/2016	2016/2017		
	Actual R'000	Adjustment Budget R'000	Actual R'000	Variance to budget
Employees		112 075 913	83 231 433	28 844 480
General		190 605 017	137 819 337	52 785 680
Repairs and Maintenance		21 204 730	11 454 988	9 749 742

Financial Overview: 2016/2017 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:	124 237 637	124 457 257	129 485 551
Grants	134 253 929	145 856 358	130 467 350
Taxes, levies and tariffs	94 617 170	94 617 170	83 109 186
Other	368 800	368 800	3 333 537
Sub – Total	353 477 536	365 299 585	346 395 624
Less: Expenditure	318 593 317	318 669 752	321 316 410
Net Total*	34 884 219	46 629 833	25 079 214
*Note: surplus/(deficit)	Surplus	Surplus	Surplus

GRANTS

Grant performance (R'000)						
Description	2015/2016	2016/2017			2016/2017	
	Actual	Budget	Adjustment budget	Actual	Original Budget (%)	Adjustment budget (%)
<u>Operating Transfers and Grants</u>						
National Government						
Equitable share	57 263 000	69 490 000	69 490 000	69 490 000	60%	60%
Municipal Systems Improvement	934 000	930 000	930 000	930 000	1%	1%
Department of Water Affairs (ACIP)	7 778 646	3 900 000	3 900 000	4 247 000	3%	3%
Electricity (DME)	1 038 000	0	0	0	0%	0%
Finance Management	1 800 000	1 800 000	1 800 000	1 800 000	2%	2%
EPWP	998 792	1 000 000	1 000 000	1 000 000	1%	1%
Clrs Allowance Contr.	3 477 000	3 612 000	3 612 000	3 612 000	3%	3%
Municipal Infrastructure	25 175 688	26 487 000	26 487 000	26 487 000	23%	23%
Provincial Government					0%	0%
Health subsidy	1 424 000	1 495 000	1 495 000	1 376 000	1%	1%
Housing	0	0	0	0	0%	0%
Ambulance subsidy	0	0	0	0	0%	0%
Sports and Recreation	0	5 688 000	5 688 000	2 252 000	5%	5%
Other transfers / grants (Disaster)	0	0	0	0	0%	0%
District Municipality:					0%	0%
Health	0	0	0	0	0%	0%
Fire Officers	604 887	0	0	0	0%	0%
LED	1 011 500	1 665 000	1 665 000	423 464	1%	1%
Other grant providers:					0%	0%
(IDP)	0	18 000	18 000	15 000	0%	0%
EC Sport: Library	1 249 700					

CONDITIONAL GRANTS RECEIVED BY THE FINANCE DIRECTORATE:

Conditional Grants: R'000						
Details	Budget	Adjustments Budget	Actual	Variance		
				Budget	Adjustments Budget	
Finance Management Grant	1 800 000	1 800 000	1 800 000	0	0	
Municipal Systems Improvement Grant	930 000	930 000	930 000	0	0	
Total	2 730 000	2 730 000	2 730 000	0	0	

BORROWING AND INVESTMENTS

Actual Borrowings: 2014/2015 to 2016/2017			
Instrument	2014/2015	2015/2016	2016/2017
Municipality			
Long – Term loans (annuity/reducing balance)	0	0	0
Long – Term Loans (non – annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted by Cap Equipment Supplier	0	0	0
Marketable bonds	0	0	0
Non – marketable bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other securities	0	0	0
Municipality Total	0	0	0

The Ndlambe Municipality did not borrow any funds over the last three financial years and to-date only has the DBSA loans outstanding.

CHAPTER 2

INTRODUCTION TO GOVERNANCE (KPA 5)

Ndlambe Municipality strive to govern by the democratic values and principles enshrined in the Constitution, including the following principles:

- A high standard of professional ethics must be promoted and maintained
- Efficient, economic and effective use of resources must be promoted
- Public Administration must be development – oriented
- Services must be provided impartially, fairly, equitably and without bias
- People's needs must be responded to, and the public must be encouraged to participate in policy – making
- Public administration must be accountable;
- Transparency must be fostered by providing the public with timely, accessible and accurate information;
- Good human-resource management and career-development practices, to maximise human potential, must be cultivated;
- Public Administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 Political Governance

2.1.1 Council

The Council has 20 seats (10 Proportional Representative (PR) Councillors and 10 Ward Councillors). The Speaker is the Chairperson of Council. The party-political and demographic representation of Councillors is reflected in the table below:

Political Party	Number of Councillors	Gender of Distribution	
		Male	Female
African National Congress (ANC)	13	9	4
Democratic Alliance (DA)	6	3	3
Economic Freedom Fighters	1	0	1
TOTAL	20	11	9

2.1.2 Municipal Public Accounts Committee (MPAC)

The Municipality has a functional Public Accounts Committee in place, which fulfils an oversight role in respect of the institution's Executive and administration. The MPAC consists of members from two of the political parties represented in Council i.e. ANC and DA.

The Committee is made up as follows:

- African National Congress – 3 members
- Democratic Alliance – 2 members

Other key Council governance structures

Audit Committee: The Municipality has a functional Audit Committee. The Audit Committee is made up of three members and meets at least quarterly to advise Council on internal control, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance and compliance with the relevant statutes. The Municipality has an approved Audit Committee Charter, which provides the responsibility and authority to the Audit Committee members to audit the risk management, controls and governance processes, which include the IDP framework, internal controls, financial management controls, procurement and performance management. The Audit Committee Charter outlines the objectives of the Audit Committee; broad powers of the Audit Committee; authority of the Audit Committee; duties and responsibilities of the Audit Committee; structure and composition of the Audit Committee; remuneration; term of members and requisite skills; and the functioning of the Audit Committee.

2.1.3 Administration

Municipal Manager is the head of the administration and Accounting Officer supported by four Directors. Political leadership and the administration complement each other to achieve the objectives of the IDP.

2 PUBLIC ACCOUNTABILITY AND PARTICIPATION

A Public participation strategy was formulated and adopted by Council in 2016. Policy to give effect to the Public Participation and accountability seeks to:

- Provide guidance to the municipality as to when and how to involve the public in planning and decision-making processes in Ndlambe Municipality
- Identify activities and projects that require public participation
- In cases where public participation optional, the policy will encourage the municipality to create public participation opportunities wherever appropriate.

Also, a Public Participation Manager has been appointed to give effect to public participation.

2.3 INTERGOVERNMENTAL RELATIONS

In line with Intergovernmental Relations Framework Act, the Ndlambe municipality, for the financial year under review, the municipality participated in a number of Munimecs, District Representatives Forums and the Integrated Development Plan (IDP) representative forums which consist of sector departments. Furthermore, Communications Forum under the auspices of the Communications Office was established.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipal Systems Act and Municipal Finance Management Act typically refer to providing stakeholders to participate in dialogues, to receive the required information and are provided with an opportunity for commenting. Furthermore, it is proposed that the municipality should consider policy that dictates compulsory public participation in, amongst others, the following processes:

- Major Policy Decisions;
- Project Planning;
- Strategic Programs and municipal strategies.

The municipality also uses a range of public participation methods which, amongst others, in no order of preference include the following:

- Meetings, workshops, forums;
- Different forms of group interaction;
- Focus Use of existing networks, organizations and/or institutions;

- Dissemination of information including the development and production of material and/or visuals;
- Fielding of information at public points e.g. libraries, schools etc.
- Audio visual materials;
- Interviews/recording and documentation using accessible language;
- Identification and consultation with diverse Interest groups and stakeholders;
- Tools to utilize may include an inventory of stakeholders/an assessment of the community landscape/targeted approach for hard-to-reach stakeholders (non-traditional audiences);
- Advocacy methods or groups;
- Use of Community Development Workers (CDW's);
- For raising public awareness and public education;
- For agenda setting and policy development processes;
- Performing operational functions;
- Capacity building of local community;
- Mediation between government and community;
- Seminars or awareness talks on a matter/s of public interest.

Mayoral imbizo's were conducted during the year under review throughout the wards to interact with communities at large to enhance public participation.

Ward Committees

All 10 ward committees were established and are fully functional. The table below reflect ward committee meetings held during the year under review.

2.5 IDP PARTICIPATION AND ALIGNMENT

Ndlambe Municipality established systems for the formulation of its five year IDP (2012-2017) in order to reinforce alignment with government departments and ensure public participation.

Ndlambe Municipal Council

Ndlambe Municipal Council should adopt the draft Integrated Development Plan which is to be used as a basis for consultation. After completion of the consultation process, the final IDP was adopted together with the Budget in June 2016.

IDP Steering Committee

This Committee consists of the Mayor and the Executive Committee, the Municipal Manager and the Head of Departments.

The following are inter alia; the functions of the IDP Steering Committee:

- Engage in strategic discussions regarding the plans for the respective functional areas;
- Evaluate progress made in the implementation of the process plan and initiate corrective action where necessary;
- Evaluate the impact of the Integrated Development Plans;
- Review and refine the vision for Ndlambe Municipality. Ensure that the vision is incorporated into the IDP;
- Refine and review IDP objectives, strategies and projects for consideration by Ndlambe IDP Representative Forum and the incorporation thereof into the IDP.

IDP and Budget Representative Forum

The IDP and Budget Representative Forum is the structure established for the purpose of review and implementation of the IDP and ensures maximum participation of different interest groups and sectors. The Forum provides for communication to ensure that the community at 'grass roots' gets an opportunity to determine its destiny.

The IDP Representative Forum shall, inter alia:

- Ensure that every activity and decision taken in its meetings are properly communicated to the forum members' respective constituencies;
- Monitor the implementation of the IDP;
- Reflect and safeguard community inputs by acting as 'messengers' of the communities;
- Represent the interests of their communities;
- Provide an organisational mechanism for discussion, negotiation and decision-making between stakeholders, including the municipality;
- Participate in the process of setting and monitoring key performance indicators.

2.6 RISK MANAGEMENT

A Risk Management Plan was developed in the 2016/2017 financial year. A risk register was compiled and approved by the Audit Committee and subsequently the minutes of the Audit Committee are noted by Council annually. Embedding risk management within the municipal business processes was central to the annual risk management program. To drive this program, a risk forum made up of risk coordinators stationed at various directorates was established. Annual risk assessment workshops are held on each and every financial period with various risk coordination. The Audit Committee monitored implementation of the risk responses to the top risks at its meetings.

2.7 ANTI-CORRUPTION AND FRAUD

Fraud Prevention Plan

Ndlambe Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion. Consequently Ndlambe Municipality is committed in fighting fraudulent behaviour at all levels within the municipality.

The policy of Ndlambe Municipality is zero tolerance to fraud and corruption. In addition, all fraud and corruption are investigated and followed up by application of all remedies available within the full extent of the law and the implementation of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Ndlambe Municipality.

It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate manager. Should an employee be concerned that the manager is involved; the report can be made to any other member of management, the Municipal Manager and / or the Chairperson of the Audit Committee.

All managers are responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the Municipal Manager. The Municipal Manager will initiate an investigation into the matter. Should any employee wish to report allegations of fraud and corruption anonymously, they are at liberty to contact any member of management, the Municipal Manager, the Chairperson of the Audit Committee, Mayor and/or the National Hotline on 0800 701 701.

2.8 SUPPLY CHAIN MANAGEMENT

Substantial progress made on proactively dealing with the reduction of irregular expenditure by inspecting the necessary SCM regulated documents, e.g. Tax clearances etc. The Supply Chain Management Unit officials do participate in the municipal procurement committees. The unit assist the procurement committees on SCM policy related matters, such as the 80/20 – 90/10 points allocation system.

The SCM policy is reviewed annually with other Budget related policies and amendments drafted and approved in keeping with the New Preferential Procurement Regulations. These regulations are meant to assist the Small Micro Medium Enterprise and projects to roll-out B-BBEE throughout the Municipality has commenced.

Even though most of the SCM Policy processes are decentralised, orders are issued by this unit. Where necessary documents required by the policy are checked before payments are authorised.

2.9 BY-LAWS

No new by-laws were introduced and/or revised in the 2016/2017 financial year.

2.10 WEBSITE

www.ndlambe.gov.za

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1 WATER AND SANITATION

The Regulator for all Water and Sanitation Services is the Department of Water Affairs. Compliance monitoring and process control management oversight is done by this department.

Ndlambe Municipality is located within the Cacadu District Municipality and is home to some 80 000 people. The Ndlambe Municipality (NM) is the legislated Water Services Authority for the area.

Ndlambe Municipality was appointed to act as both the Water Services Authority and Water Services Provider and fulfills both of these functions. However, the institutional arrangements profile consists of the following bulk & retail functions listed below.

Currently all the WSP functions and duties are conducted by either Water Services Providers, Water Services Support Service Agent or the Municipality itself and are as follows :

- Water Services Authority: Ndlambe Municipality, with Community Protection Services doing all water quality control monitoring operations.
- Water Services Provider: Ndlambe Municipality, with Infrastructural Development doing all water provision, with the exception of the following operations :
 - Alexandria Water Supply: P&S Consulting Engineers appointed to provide bulk water within a Water Services Support agreement
 - Kenton/Bushmans Water Supply: Amatola Water Board appointed to provide bulk water within a Water Services Provider agreement
 - Cannon Rocks/Boknes Water Supply: Gigima Engineering appointed to operate, maintain and manage the Reverse Osmosis Plant

All other Water Supply Systems are managed and operated by Ndlambe Municipality's Infrastructural Development Directorate, as the Water Services Provider. These include the following Water Supply Systems :

- Port Alfred Water Supply System
- Kleinemonde Water Supply System
- Bathurst Water Supply System

Ndlambe Municipality operates and maintains all water supply systems within both Water Services Authority and Water Services Provider functions, with the exception of the Amatola Water Board (previously Albany Coast Water Board) supply footprint, where bulk water is supplied by the Amatola Water Board.

There are six (6) local water supply schemes which service the main settlements within the area. Port Alfred, Seafeld and Bathurst are all fed mainly from surface water schemes whilst Boesmansriviermond, Kenton on Sea, Alexandria, Boknestrand and Cannon Rocks are supplied from ground water schemes.

Boesmansriviermond and Kenton on Sea augment their groundwater supplies with desalinated water through the Reverse Osmosis plant situated at Boesmansriviermond. The towns of Cannon Rocks and Boknes receive Reverse Osmosis processed water from saline borehole sources.

Potable, treated water is piped to all formal urban communities within Ndlambe, and is available to the vast majority of households. However, some of the Bathurst and Trappes Valley communities still rely on rainwater and private boreholes. The

latter are considered for municipal supply within the IDP. Where informal settlements occur, such as on the Brakfontein Farm commonage on the periphery of Alexandria, tankers transport water to strategically placed tanks, which are accessible to those that need. Ndlambe Municipality operates and maintains all sewerage systems within both Water Services Authority and Water Services Provider functions. Water-borne sewerage is available to the majority of households.

The Ndlambe Municipality Council has determined that water-borne sewerage be the minimum level of service to the consumer base. This decision, although well intended, places tremendous strain on the available water resources. Leaking toilets have been identified as a leading reason for water loss. Astute management practice is being instilled within the unit responsible for operation and maintenance of these systems.

There are five (5) waste water treatment works being fed from water-borne sewerage systems which service the following communities:

1. Wentzel Park, Alexandria and KwaNonkqubela
2. Marselle and Harmony Park
3. Ekuphumleni
4. Port Alfred and Nemato
5. Nolutkhanyo

The provision of sewerage services excluding reticulation infrastructure includes a large proportion of the households in Ndlambe. Water-borne sanitation services are not available to several communities, who rely on conservancy tanks and septic tank sewerage systems. Ndlambe provides the service for the removal of sewerage using a fleet of sanitation vacuum tankers. These vehicles and their operational staff are under continuous pressure to deliver services. Breakdowns, due to an aged fleet, create backlogs and a dissatisfied consumer base.

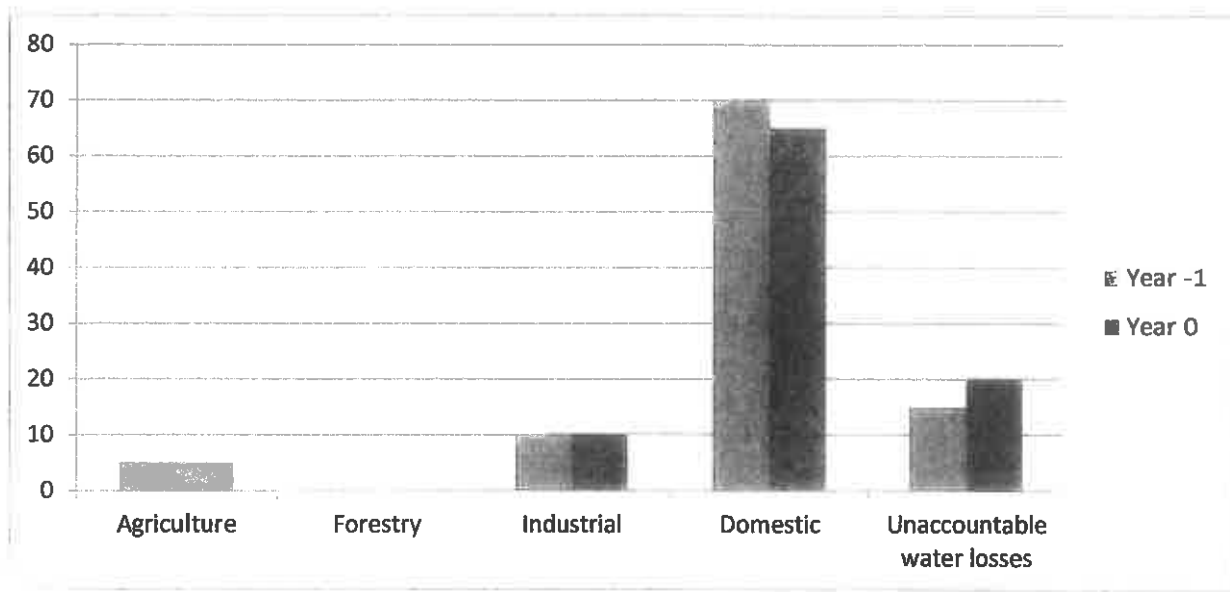
The following communities still rely either solely on septic tank / soakaway systems or conservancy tanks or to some lesser degree:

1. Cannon Rocks
2. Boknes
3. Boesmansriviermond
4. Riversbend
5. Kenton-On-Sea
6. Seafeld
7. Bathurst
8. Port Alfred and Nelson Mandela Township

These households are serviced by a fleet of sanitation tankers, several of which are well beyond their expected operating lifespan. Financial constraints dictate that Ndlambe must make do with this fleet.

All municipal toilet facilities, change rooms and other ablution facilities not connected to water-borne sewerage pipes are serviced by this fleet. Blockages are also attended to, often resulting from the inappropriate utilisation of the service. It is the objective of Council to achieve and sustain "Green Drop" status throughout all of Ndlambe. This is a compliance monitoring system which is managed and implemented by the Department of Water Affairs. This quality and service goal is being achieved by improving management performance, which should lead to acceptable discharge water quality.

Total Estimated Proportional Use of Municipal Supplied Water by Sector					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	5	0	10	70	15
Year 0	5	0	10	65	20

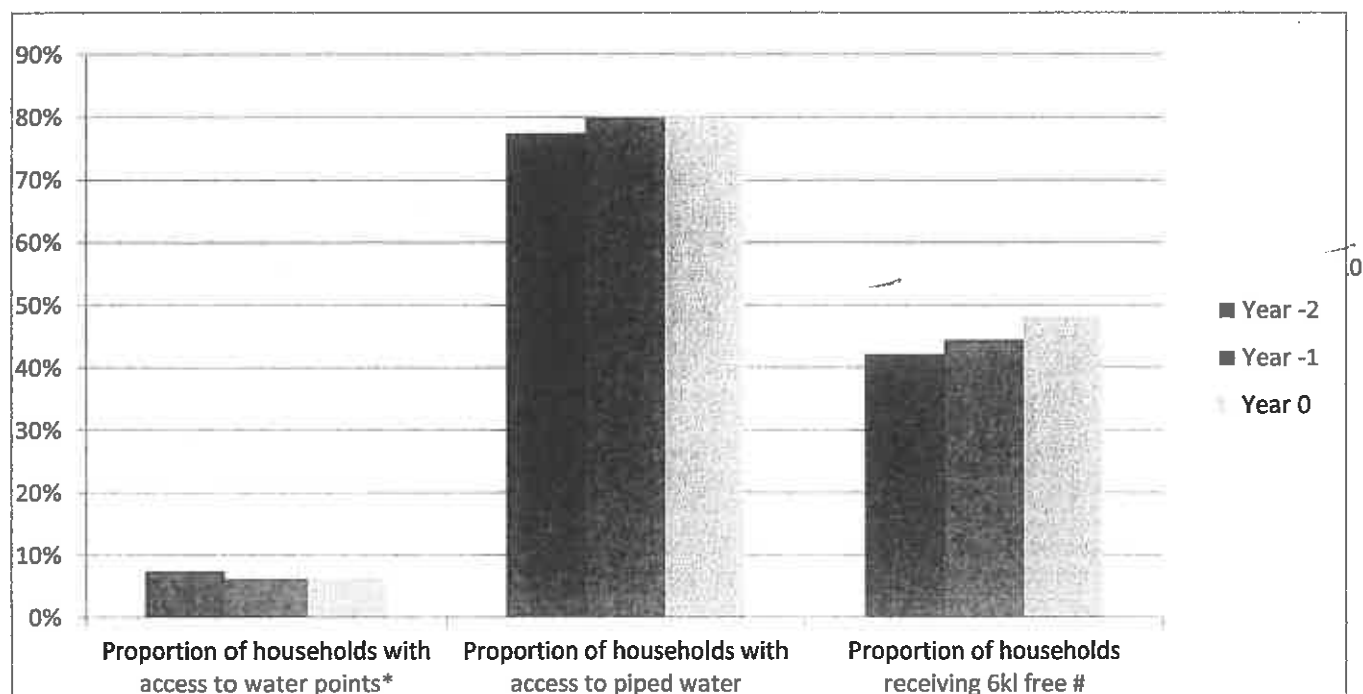


Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	546	655	846	6977
Piped water outside yard (but not in dwelling)	865	456	486	9649
Using public tap (within 200m from dwelling)	486	465	546	1866
Other water supply (within 200m)				
Minimum Service Level and above sub – total	1898	1576	1879	18492
Minimum Service Level and above percentage	80%	80%	76%	90%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				560
Other water supply (more than 200m from dwelling)	486	486	486	757
No water supply				
Below Minimum Service Level sub-total	486	486	486	1317
Below Minimum Service Level Percentage	20%	20%	24%	26%
Total number of households*	2,476	2,384	2,062	1.876
* _ To include informal settlements				

Indigent Households – Water Service Delivery Levels below the minimum

Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	7696	8448	8905			9618
Households below minimum service level	0	0	0			0
Proportion of households below minimum service level	0	0	0			0
Informal Settlements						
Estimated Total Households	1500	1000	1000			1000
Households below minimum service level	500	250	250			250
Proportion of households below minimum service level	33%	25%	25%			25%

Access to water



Employees: Water Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	27	27	25	2	83%
4-6	21	21	21		
7-9	7	7	7		
10-12	4	4	4		
13-15	2	2	2		
16-18					
19-20					
Total	61	61	60	1	2%

=6000 litres of potable water supplied per formal connection per month

COMMENT ON WATER AND SANITATION SERVICES PERFORMANCE OVERALL:

Performance of water services and the provision thereof has seen improvements on many fronts when one considers the IDP objectives and goals. Achieving targets are fund-related. Grants received are limited. Internal capital funds have not been available. The need exceeds the available funds, so the challenge has been to make as big a change as possible within the available resource base.

The Municipality is committed to improving water service provision in its region despite the recent water service challenges, which include the following challenges and remedial action:

- Insufficient supply quantity to meet the growing demand
 - Remedial actions include various Water Conservation projects. Water conservation and demand management practices are continually being assessed and improved, as funds become available.
- Aged infrastructure operating within extreme environmental conditions
 - Remedial actions include that the entire infrastructural "as-built" within this sector is being assessed within a master plan.
- Poor quality of low cost house plumbing leads to leaks and subsequent loss.
 - Remedial actions include loss control and the addressing of leaks in indigent households. This has been done on a wide scale throughout Ndlambe.
 - Future low-cost house design will focus on the quality of all water and sanitation fittings included in the house construction.
- Source quality, where the main phenomena affecting the quality of the water in the region is the materialization (or salination) of the water in the main catchments due to the geology (marine origin) of the area.
 - Remedial actions include the establishment and operation of Reverse Osmosis Technology, which, although expensive, is effective in addressing salinity issues and is now operational in Cannon Rocks, Boknes, Kenton-On-Sea and Boesmansriviermond.
- Massive peaks in demand, due to the transient nature of this consumer base.
 - Bulk storage reservoirs have been prioritised within the Water Services Plan. Funding channels have been provided and prioritised projects have begun implementation.

It is the intention of the municipality to achieve and sustain "Blue Drop Status" within water services provision. This is a compliance monitoring system managed and implemented by the Dept Water Affairs, as the regulator. Ndlambe Municipality has, as a result of the above, identified a need for the development of an Infrastructure Master Plan for water services (water and sanitation). Funding has been allocated to the NM by the Development Bank of South Africa (DBSA). The objective of the project is to develop a water service infrastructure master plan with associated as built drawings of the existing infrastructure.

3.2 ELECTRICITY

Electrical supply, at a basic Level of Service, is achieved and continues to improve. Housing projects do not get the go-ahead for implementation until such time as bulk services are installed, which includes electricity supply. Escalating cost of supply is a worrying factor, as affordability and sustainability of supply is under pressure. The Ndlambe Municipal Electrical Network Audit Report was prepared and submitted, highlighting component requirements, backlogs and strategic planning for future supply provision parameters.

Ndlambe Municipality renders electrical services in the towns of Port Alfred and Alexandria. Eskom supplies electricity in bulk to both components. Port Alfred town has one 11-kilovolt-supply point and Alexandria has one 11-kilovolt-supply point. Eskom supplies electricity to the rural areas outside Ndlambe, also Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

Ndlambe Municipality buys electricity in bulk from Eskom and is responsible for the distribution thereof within its approved areas of supply, under license from the National Electricity Regulator. Electricity is taken from Eskom at two intake substations, i.e. Port Alfred and Alexandria, and redistributed to the end consumer through a series of cables, lines and substations.

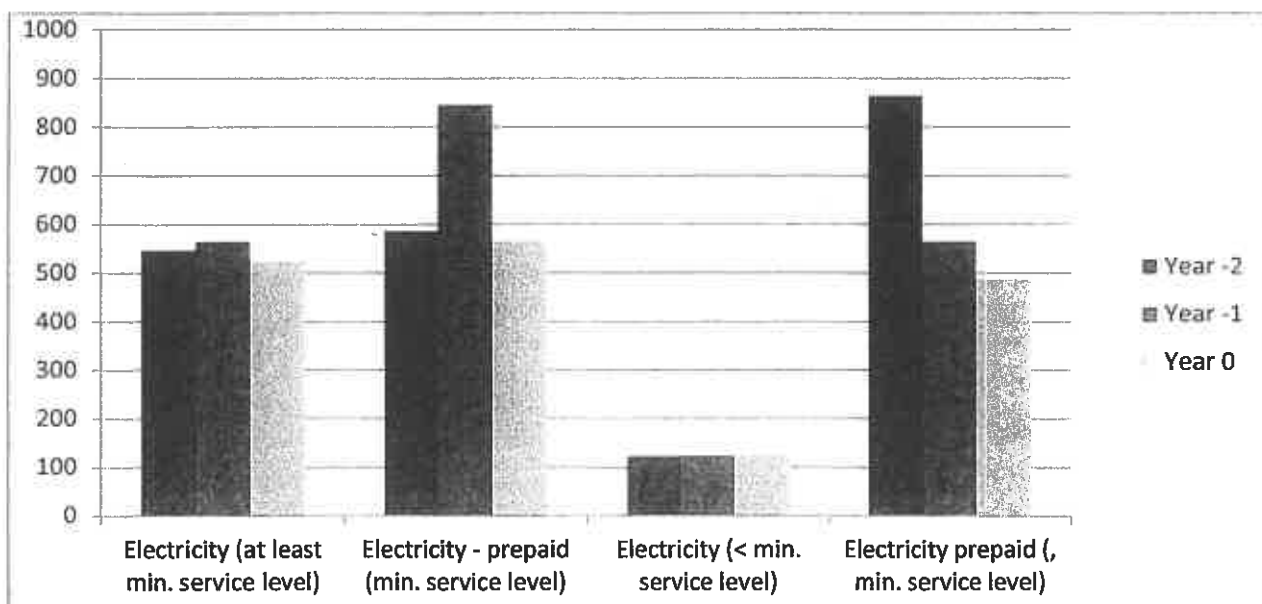
The directorate is responsible, and employs a service provider, namely, Manelec Services (Pty) Ltd, for:

- The construction and maintenance of the distribution network as well as providing new infrastructure to ensure a reliable and affordable supply of electricity to all;
- The effective management of revenue by ensuring all electricity supplied is billed for and reducing losses in order to cover operating and capital expenses;
- The provision of a reliable and acceptable level of public lighting to improve the safety and living standards of residents, including street and public lighting for Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

The challenge experienced is a streetlight backlog in the areas that were formally under Eskom's management. The Municipality is dealing with this. Management of public lighting, including high mast lights, is normally shopped out to an annual tender service provider.

INTRODUCTION TO ELECTRICITY

The distribution and reticulation areas, excluding provision of electricity by Eskom, covers Port Alfred and Alexandria. Each consumer is considered a customer and has got access to electricity supply. The electrical supply to Port Alfred is of a high standard. The electrical supply to Alexandria, inclusive of Wentzel Park, needs upgrading. In Port Alfred there are still numerous medium voltage feeders which were laid many years ago. These have now become inadequate to carry the required increasing load. This requires upgrading. Due to a lack of funds we have not been able to upgrade these cables, which are now practically redundant. Alexandria is also at the stage where all MV cabling needs upgrading. Although the expansion of the town is not excessive, this should be considered in the near future. Funding should be prioritized to cater for the increasing loads



Households – Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	N/A	N/A	N/A			N/A
Households below minimum service level						
Proportion of households below minimum service level						
Informal Settlements Only in Eskom Supply Area						
Total Households	To Be Established	To Be Established	To Be Established			To Be Established
Households below minimum service level						
Proportion of households below minimum service level						

Employees: Electricity Service					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	2	2	2		
4-6					
7-9					
10-12	5	5	5	0	0
13-15	5	5	5	0	0
16-18					
19-20	1	1	1	0	0
Total	13	13	13	0	0

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Ndlambe Municipality submitted an application to Eskom for a 2.4MVA increase in bulk supply to Port Alfred. This application has been approved by Eskom. Payment for this has been made by Ndlambe. We are now awaiting the energizing by Eskom.

Power supply characteristics in the areas supplied by Eskom are not ideal. Surges and spikes in power supply have a negative impact on equipment and machinery. Even though measures are taken to reduce the impact of the above, there is still regular damage to pumps and motors. This is due to being at the end of the Eskom supply line.

3.3 HOUSING

INTRODUCTION TO HOUSING

The Ndlambe Municipality's strategy for the provision of subsidised housing is to eliminate housing backlogs and to provide appropriate housing for those who cannot provide for themselves.

Intensive projects have been implemented, particularly that of Kenton-on-Sea. These are dependent on the provision of basic services prior to top-structure and for which basic service projects are currently underway. There are areas where subsidised housing backlogs are growing, due to several factors. Migratory trends have seen an influx of indigent people into the area. Disaggregation of families into more than one housing unit has also resulted in expanding backlogs.

The top 3 service delivery priorities for Council have been water, sanitation and road priorities. The impact of these projects has been that essential upgrades and improvements have taken place during Year 0 which will enable stalled subsidised housing projects to be revisited. These projects were stalled due to the lack of sufficient bulk services.

The Ndlambe Municipality identifies and responds to those communities that are living in poverty by providing land and certain essential services to decrease the deficiencies in basic service delivery. There is a housing section within the Infrastructural Development Directorate, which has satellite offices in Alexandria, Kenton-on-Sea and Boesmansriviermond. The level and extent of service provision is as support to the Department of Human Settlement and to assist the indigent with the application process for a subsidised house.

Expanded housing requires expanded bulk services. The cost of renewing and upgrading core infrastructure to maintain the demand for housing is a continual challenge. This balance affects net demand in the municipality as project lists need to be prioritised for implementation. Ndlambe Municipality is responding well to the challenges created, by ensuring adequate bulk services are available and that indigent registers are maintained.

Expenditure on housing is done by the Department Human Settlement and is facilitated by Ndlambe Municipality.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3			
Year -2			
Year -1	21009	9009	43%
Year 0	21769	9009	41%

Employees: Housing Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3					
4-6					
7-9					
10-12	5	6	5	1	83%
13-15	1	1	1	0	0%
16-18	1	1	1	0	0%
19-20					
Total	7	8	7	1	15%

The funding for houses is directly from human settlement as stipulated in the constitution, Council only manages projects.

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure is a challenge, especially within the context of affordability.

Recent standards and norms in subsidised housing practice have tended towards Breaking New Ground Projects, such as has been implemented in Thornhill, Port Alfred.

This development could only go ahead once bulk services were installed and available. As a result, only 509 of 5000 houses were built in the first phase, awaiting bulk services for the balance of houses.

With the introduction of Amatola water the challenge of bulk will be temporary curbed as it was reported by Amatola water that 2900 housing units have been unlocked by the upgrades that took place in recent months. It was further reported that out of 2900 housing units that can be developed in Thorn hill only 600 units can be built at this stage due to bulk electricity shortage.

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Ndlambe Municipality manages road alignments which are within the urban footprints of the Spatial Development Plan. Management includes operations, maintenance, upgrades and refurbishment. All other alignments are managed by other sector departments, including Department of Roads and SANRAL. These include both surfaced and gravel roads.

There is the Ndlambe Roads Forum, which meets on a regular basis and is well represented by stakeholder groups within the district.

The major alignment and road artery which runs through Ndlambe from east to west is the R72, the management of which falls under SANRA. This road is a vital link between the two development nodes of Coega outside Port Elizabeth and the IDZ on the outskirts of East London. The route contributes to the economy of the municipality and provides access to the heart of the Sunshine Coast, being Port Alfred and surrounds, thereby bringing tourists and visitors on an ever-increasing scale.

It is a well-known and measured fact that the road network servicing Ndlambe Municipality is in a poor state. A general shortage of maintenance staff, necessary to maintain in excess of 280km of surfaced and gravel roads, is a continual challenge. The table below indicates the extent of the road network in the various towns within Ndlambe.

In 2004 Ndlambe received a grant from the DBSA and commissioned Consulting Engineers, Stewart Scott Inc. to prepare a Roads Management Programme. The report, received in 2005, indicates that an amount in excess of R 400 million was required to address essential road maintenance backlogs. An additional sum was also determined for capital investment in order to upgrade the existing road network and to establish new alignments.

It was established in this study that an amount of approximately R10 million per annum was required for road maintenance. Given the lack of internal capital budget, the municipality is faced with a mammoth uphill task of maintaining the road network, with an escalating backlog, but is doing the best it can to upgrade the roads.

3.4 ROADS

INTRODUCTION TO ROADS

There is little doubt that Ndlambe Municipality faces numerous challenges when it comes to road maintenance services. However, intensive upgrades have recently been achieved within the Port Alfred CBD and surrounding areas, using labour intensive construction to construct concrete and block paving alignments. These have been welcomed by the public.

The majority of the existing road network was inherited when the demarcation process was formalised in 2001. This network was established by the former Town Councils, who did not adhere to general construction practice and standard road designs

The condition of the road network in Ndlambe is generally poor. This is due to several factors, including the following :

- o Poor quality of available road building materials,
- o The former Town Councils did not adhere to general construction practice and standard road designs
- o inadequate or non-existent storm water control infrastructure,
- o lack or complete absence of adequate plant and equipment and
- o restricted financial resources.

Routine maintenance (day to day pothole repair, repair and unblocking of drains and blading of gravel roads) expenditure recommended by the 2004 Stewart Scott Inc. Road Management Programme for 2004/2005 was R 9.8 million. Escalating this by a conservative 7.5% per annum gives a figure of R16.3M for the current year in review. The actual expenditure was R 9.65 million, a shortfall of almost 50%. The periodic maintenance (resealing of surfaced roads and regravelling of gravel roads) is recommended to have been in the order of R 5.5M for the current year in review and in the order of R30M to date since the recommended implementation of the road management programme. Due to budgetary constraints this scale of implementation has been impossible. The above figures would have been adequate just to maintain the status quo with regard to the condition of the road transportation network.

The capital expenditure recommended by the same Stewart Scott Inc. Road Management programme is R 24.7 Million for the year under review and to date it is recommended that R 96.4 million should have been invested in new and upgraded infrastructure by now. If we assume an average width of 6m for all roads then a replacement cost of R 2.5 million per km for surfaced roads and R 500 000 per km for gravel roads would not be unrealistic.

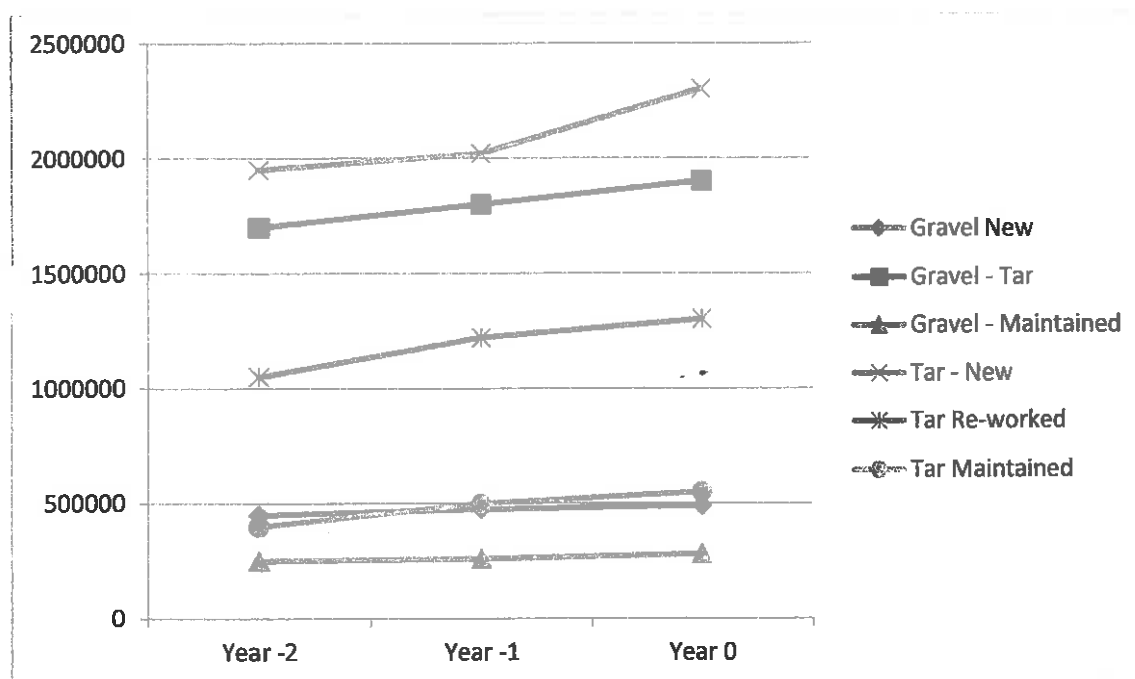
Based on these figures, our 172km of surfaced roads and 140km of gravel roads represent an asset on the ground with a replacement value in the order of R 500 million rand. Easily the single most valuable asset owned by the municipality. Given that the average design lifespan of a road is in the order of 10 – 25 years and given that this can be drawn out to 30 – 50 years with adequate and timeous remedial and maintenance actions, it is clear from the above that the single biggest challenge with regards to the road network is to secure adequate funding from internal or external sources. This will be to reverse the deterioration of the current network and to enable the municipality to embark on a realistic upgrading programme for the social and economic benefit of all residents and visitors.

Recent periods of relatively heavy and sustained rainfall has impacted negatively on all road surfaces, mainly due to the poor or complete lack of stormwater drainage infrastructure. There has been a rapid deterioration in riding surfaces, as a result.

The Council has recently embarked on a series of labour intensive road maintenance projects to address the most urgent priorities where surface failure has been the most compromising to traffic. These projects are on-going and include block paving and concrete slab surfaces.

Gravel Road Infrastructure (kilometres)				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2				
Year -1	137,64	0	0	137,64
Year 0	138,14	0,5	1	138,14

Tarred Road Infrastructure					
	Total tarred roads	New tarred roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2					
Year -1	148,76	0	0	0	148,76
Year 0	149,76	15	1	0	149,76



Employees: Road Service					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	49	54	50	4	8%
4-6	15	15	15	0	
7-9	8	10	8	2	4%
10-12	7	7	7	0	
13-15	1	1	1	0	
16-18					
19-20					
Total	80	87	81	6	12%

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The priority of the four largest capital projects was determined by traffic volume and level of disrepair. Due to the unavailability of internal capital funds, grants were solicited through the Expanded Public Works Programme. This programme rewards effective service delivery and the intention is to expand this programme to each urban footprint, thereby creating a spread of job opportunities and skills enablement.

The year 5 targets set out in the IDP schedule cannot be attained within approved budget provision due to the scope of backlog and scale of need. To rectify the matter, grant funders need to be convinced that the pilot projects are best practice and are effective in the delivery of suitable road surfaces.

Should the above be deemed effective, the programme will be unbundled and enlarged to include all townships in Ndlambe, which would result in a huge variation to any total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

No provincial roads have been delegated to the Ndlambe Municipality.

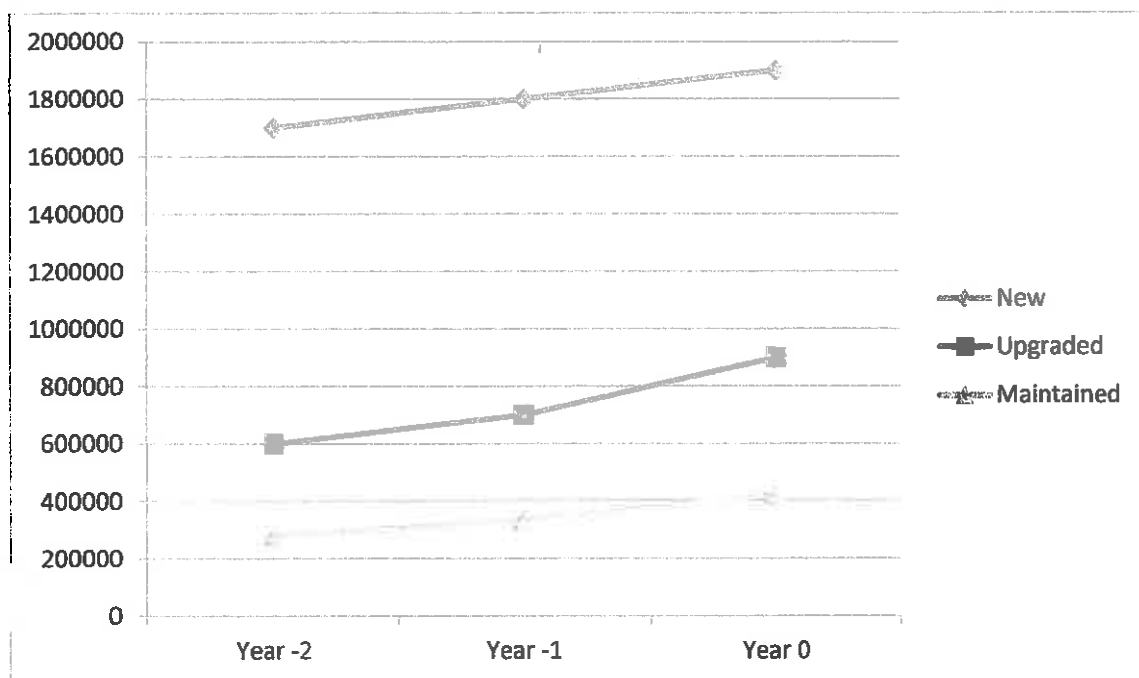
3.5 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The floods which occurred in October of 2012 highlighted the reality of how marginal and in places how completely absent storm water infrastructure is within the various urban footprints of Ndlambe Municipality. Township development practice did not always consider appropriate stormwater infrastructure, due to affordability and pressing need to house the homeless. This backlog is real and growing, due to the absence of funding required to address this situation. Existing infrastructure, especially underground reticulation, is mostly undersized or completely absent.

Stormwater Master Plans have been solicited and these will be prioritised and implemented as and when funding allows. These will be linked to dovetail with the planned road maintenance plan, as discussed previously.

Stormwater Infrastructure				
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgrade	Stormwater measures maintained
Year -2				
Year -1	115,40	115,40	0	65,24
Year 0	125,56	125,56	10,16	75,17
Cost of construction / maintenance				
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2				
Year -1				
Year 0	Included in roads, above	Included in roads, above		1 341 510



Employees: Stormwater Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	16	26	16	10	63%
4-6					
7-9					
10-12	1	1	1		
13-15					
16-18					
19-20					
total	17	27	17	10	63%

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Stormwater drainage performance does not achieve expectations due to various factors, which can be considered as follows :

Historically, town plans were developed by the respective Local Town Councils. These towns concentrated on developing the business areas as residential properties were seen as being holiday accommodation

- Sub-surface stormwater infrastructure is costly to install and was rarely considered in the urban development of communities within Ndlambe Municipality
- Former subsidised housing projects did not prioritise the establishment and implementation of stormwater systems and it is now with hindsight that this oversight is so glaring.
- Consecutive development has exacerbated the lack of stormwater drainage insufficiencies.
- Stormwater Master Plans were previously not considered within the urban development criteria.

3.6 FLEET MANAGEMENT

Municipal transport is provided strictly for official services only and is not to be used for private purposes. Council will provide transport to on-duty employees in accordance with its normal operational requirements, as well as in specific circumstances approved by the relevant director. The municipality has a shortage of fleet due to lack of internal capital budget. Furthermore, extended downtime of fleet when it is in the workshop is another hindrance to service delivery.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development

INTRODUCTION TO PLANNING AND DEVELOPMENT

3.7 PLANNING

INTRODUCTION TO PLANNING

Planning strategy entails the undoing of the previously distorted settlement patterns that were cultivated by the past policy of separate development. The optimum utilisation of municipal infrastructure is encouraged by the densification of our cities. The ageing infrastructure has been a challenge in the densification and the high costs associated with the improvement of the infrastructure in the Consolidated Infrastructure Plan (CIP) and the densification of have their share in the challenges. The efficient and effective utilisation of available land is one of the plans. To that end Spatial Development Framework (SDF) was approved by the municipality on 8 March 2013. The SDF stands as a guide plan for all land use decisions. All unauthorised land uses are terminated by issuing of Section 40 notices.

The strategy in delivering Town Planning services is derived from and determined by the various Town Planning Scheme Regulations, municipal policies, guidelines and strategic plans such as the Spatial Development Framework, Environmental Management Framework (EMF), various legislation relating to land use management, etc.

The major role players are the Architects who draw building plans, residents with their day-to-day enquiries, Regional and Town Planners and Estate Agents. The State Departments also have a consistent interaction with the Town Planning Section. The Municipalities role is also stipulated in the duties and functions of the Local Authority as found in the Municipal Systems Act, Municipal Structures Act and the Constitution. The Municipality also has a responsibility to conduct its affairs in accordance with the BATHO PELE Principles which can be translated as people first. The corollary of the above is the speedy processing of all the Land Use Planning Applications to avoid unnecessary and protracted litigation against the Municipality:

- To ensure the effective allocation of limited resources to a large pool of potential development interventions.
- To provide a formal and practical method of prioritising housing projects and obtaining political consensus for the implementation thereof
- To ensure more integrated development through bringing together the relevant cross-sectoral role players to co-ordinate their development interventions. Municipality, Department of Housing, NHBC, Contractors, Councillors & the Community
- That the Communities are empowered to constructively engage with the Municipality in identifying and fulfilling their housing needs.
- To provide greater spatial linkages between the spatial development framework and the physical implementation of projects on the ground
- To ensure that there is a definite housing focus for the IDP

Employees: Planning Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	Nil	Nil	Nil	Nil	Nil
4-6	Nil	Nil	Nil	Nil	Nil
7-9	1	1	1	1	100%
10-12	1	1	1	Nil	Nil
13-15	1	1	1	Nil	Nil
16-18	1	1	1	Nil	Nil
19-20	Nil	Nil	Nil	Nil	Nil
Total	4	4	4	1	100%

3.8 LOCAL ECONOMIC DEVELOPMENT (KPA 3)

Local Economic Development (LED) has been identified as a key means of improving the economic prospects of South African citizens. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Ndlambe Municipality is land locked between four Municipalities namely Nelson Mandela Metro, Makana, Ngqushwa and Buffalo City Metro. Ndlambe Local Municipality is a predominantly rural area with agriculture and tourism dominating the economy. It encompasses the towns of Kenton-on-Sea, Boknes, Bathurst, Boesmansriviermond, Alexandria and Cannon Rocks.

The recently released population statistics by Stats SA indicates that Ndlambe has a population of 61 176 out of which youth unemployment is generally high especially in the townships. Unemployment is at 30.3% as per 2011 statistics. The Key economic sectors for the Ndlambe Municipal area are:

- Tourism
- Agriculture
- Services sector

The employment within Ndlambe is largely spread across the following economic sectors: government, agriculture and services industry. Government and the agricultural Industry has for quite some time been the contributors in employment. Agriculture is less diversified with key farming activities being Dairy Farming, Beef Farming, Chicory, and Pineapple Farming. Most of the farming activities within the area are pursued by white farmers with black communities being the mere providers of labour.

The Agricultural industry has in the past 10 years been in a state of decline the chicory industry has been the hardest hit with many farmers either shutting down operations or switching over to other commodities like beef farming. The decline in any of the key sectors always has a direct negative impact in the townships in terms of jobs losses and employment. Government has for the past few years started land acquisition initiatives by buying farms to settle groups of farmers or communities to take over some of the white owned farms. The land acquisitions through the Land Reform Programme have not been a great success, in many instances farms bought on behalf of communities and or farming groups started declining thus shedding more jobs with declining productivity. Government owned land and that owned by the municipality e.g. commonages is hardly commercialised or used productively to benefit local communities in a sustainable manner.

As part of a strategy to revive the contribution of the agricultural sector in the local economy, the municipality issued a call for proposals inviting service providers to tender for doing a land audit of state farm land within the municipality, propose strategies for scaling up production and alternative land use. The municipality further requested service providers to profile current performance of land reform farms and determine if there is scope for expansion, increased productivity, and value addition for maximum job creation opportunities.

COMMENT ON LOCAL JOB OPPORTUNITIES:

Port Alfred is the most sought-after holiday destination on Route 72 and is known for its wonderful temperate climate, endless pristine beaches, friendly village atmosphere, glorious surf, magnificent deep sea and river fishing and the laid-back lifestyle so beloved by all visitors, many of whom become permanent residents.

Alexandria is home to various heritage and tourism sites amongst them being the "Chungwa's Grave" that lies in an area known as the Woody Cape, the Nongqawuse's Grave at the Fick's Farm Holding. It is also famous for its chicory farming industry and has been branded as the "Chicory Country" while Bathurst brings together the past and the present, being the hub of one of the largest pineapple growing areas in South Africa. It is host to what is believed to be the oldest Inn in South Africa, as well as the third oldest pub in South Africa. It is accepted that the natural environment provides the basis for the regional economy, especially the primary agriculture and tourism sectors.

Kenton on Sea, is a small coastal town on the Sunshine Coast. It is situated between the Bushman's River and the Kariega River. The area has many pristine beaches and green rolling hills, and a nature reserve along the shore ensures that no housing developments can spoil the coast.

Cannon Rocks is a village nestled in between the Boknes Village and the boundary of the Greater Addo Elephant Park it has the vast expanse of the warm Indian Ocean in front and rolling farmlands behind, making Cannon Rocks a small piece of paradise.

Livestock Farming

The livestock farmers in the Ndlambe Municipal area consist of a large number of small scale farmers who farms with very small herds of cattle, sheep and goats. At present the larger part of these farmers, who farms with cattle, only marketed their animals at an older age as C grade carcasses. The small size of the herds in this area is a contributing factor to this scenario. Farmers try to keep their cattle as long as possible before they market it so that the number of animals, and thus the size of their wealth, can stay as large as possible. The slow capital return from cattle marketed as C grades creates cash flow problems for the black farmers in partnership.

The majority of the black livestock farmers farm with Nguni cattle. The land reform farms are not optimally stocked at the moment. The main marketing constraints faced by smallholder farmers in Ndlambe includes the poor condition of the livestock, the lack of marketing information, the unwillingness and inability to adopt livestock identification practices, the lack of infrastructure and poor production and marketing management.

Very little value-adding and processing of the product is taking place within the Eastern Cape. Although the Eastern Cape has registered abattoirs to slaughter cattle, most cattle leave the province as weaner calves for feedlots in other provinces where they are marketed. One of the main reasons is that it is more efficient to take store animals to the source of feed to be fattened than to transport the feed. The current production of feed for livestock is entered in the North West, Free State and Mpumalanga provinces where maize and soybeans are traditionally produced. The Eastern Cape currently imports 120,000 tons of feed for the livestock industry and would use more were it not for the high transport cost.

Another important phenomenon is that the abattoirs in the Eastern Cape, situated mainly in Nelson Mandela Bay, East London, Queenstown, Mthatha and Kokstad are generally running below their slaughter capacity. These abattoirs are dependent on animals that are brought to acceptable condition mainly during the summer on natural grazing. Apart from on farm fattening by commercial farmers, the communal and smallholder livestock owners are not in a position to round their animals off for marketing purposes. This in turn results in low off-take as well as poor prices being realized. The natural grazing in the communal areas thus becomes grossly overgrazed with low levels of income generated by the resource.

However, beef cattle farming in the Ndlambe Municipal area have great potential that needs to be developed. Any interventions done should seek to change the picture in favour of black farmers be it those farming in commonages or in land reform farms.

There is a huge need to commercialise livestock farming in Commonages. If this is done there is an opportunity to create community wealth and more jobs.

Dairy Farming

The Dairy Industry is relatively stable with a positive cash flow, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long term sustainability of the industry. The Dairy Industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the Land Reform Farms and those going under. Partnerships based on milk sharing or equity schemes are the most pragmatic option for making the black/community owned Dairy Farms to be functional and productive.

Pineapple Production

The main producing areas of pineapples in South Africa are Northern KwaZulu Natal (Hluhluwe district) and the Eastern Cape. The Eastern Cape generally account for over three quarters of the pineapples produced in South Africa. As pineapples are indigenous to the tropics, the crop requires areas where the climate is warm, humid and free from extreme temperatures (25°C being optimal).

In determining which pineapple cultivar to plant, a producer should take the following into consideration:

- The global demand and the demand in specific markets.
- His or her (the producer's) current infrastructure in respect of being able to cope with pruning, spraying, picking, cold storage and packing of a particular cultivar.
- The availability of natural resources like water, soil types, cold units and slopes.
- The land should be prepared so as to control water runoff and thereby limit soil erosion, facilitate good drainage and prevent root and heart rot, facilitate uniform distribution of sunlight to all plants, and have roads allowing machinery easy access to the pineapple plants to expedite spraying and harvesting.

Pineapple production has been declining over the past five years. Production declined by 6% during the 2009/10 season when compared with the 2008/09 volume. The decrease in production has previously been associated with the cadmium contaminated zinc sulphate fertilizer that was used by the pineapple producers. A multi-national fertilizer distributor operating in the Eastern Cape Province sourced low cost zinc sulphate from China. This zinc sulphate contained high concentrations of cadmium and lead. The resulting effect on crops dosed with these fertilizers was contaminated fruit which has damaged the reputation for South African fruit globally. The continuous decline may be an indication that the industry is still struggling to pull itself out of the crisis. Ndlambe municipal area has been hardest hit by the impact of this catastrophe in the Pineapple industry.

Chicory Production

Chicory in South Africa is exclusively produced and processed in the Eastern Cape, Alexandria since 1895. This is an established industry which used to have 100 Chicory commercial farmers each employing 40 workers thus translating to 4000 jobs created at farm operation level. The central processing plant used to create 130 permanent jobs. 95% of roasted Chicory produced by the Industry supplies two major roasted Chicory users namely Nestle for Ricoffy and National Brands Limited for Frisco, Koffiehuis, Ace and Kloof etc.

The CHICORY industry has been given a massive financial and economic boost when it received a R2 million grant from the Department of Rural Development & Agrarian Reform to revitalise the local chicory production. The department, in collaboration with reputable and JSE listed giant Nestle' South Africa, signed a Memorandum of Understanding with local farmers to ensure production of chicory in Ndlambe that will meet the supply demand by Nestle' for products produced using locally produced chicory. The government has heard the farmers' outcry for the revitalisation of the local chicory industry and has implemented a long-term solution that will not only revitalise the industry but recreate various jobs lost in the closing down of the chicory industry in Ndlambe.

Developments in the Hospitality Industry

Royal St. Andrews Hotel

People come to Port Alfred for the sunshine, the clear blue Indian Ocean lapping onto its Blue Flag beach, adventures on the Kowie River, its unique boutique shops and artisan brewery, its people and to simply relax.

The hotel has a total of 60 rooms which are designed, equipped and furnished to add a new luxury dimension to the Sunshine Coast experience. 50 modern luxurious rooms, as well as conference facilities, have been skilfully crafted to complement the old-world charm of the much-loved original hotel, which was built in 1924. Located in Port Alfred, South Africa, the Royal St. Andrews Hotel has re-opened after an extensive 3 year renovation.

Royal St. Andrews Hotel is the perfect destination for avid golfers as the hotel is situated within walking distance of the Royal Port Alfred Golf Club, one of the oldest and well known golf courses in South Africa. In addition the Gary Player designed Fish River Sun Country Club, and the new Belmont Valley Country Club are within a 45 minute drive.

Cannon Rock Beach Suites

Cannon Rocks Beach Suites are newly developed Self Catering Units on the beach in Cannon Rocks, 15 minutes from Kenton on Sea. These are fully fitted accommodation units.

Each unit has a one or two bedrooms and a fully kitted kitchen, cutlery and crockery and top of the shelf electric appliances. Guests can relax in the living room or outside on the patio with a built in braai, dining table and outdoor shower. Fully equipped Conference Facility with a projector, screen and all the necessities for a successful corporate or social function are available on request. The Conference facility can accommodate 60-100 people depending on the seating plan.

Jobs created during Year 0 by LED initiatives (Excluding EPWP projects)				
Total jobs created / Top 3 initiatives	Jobs Created	Jobs lost / displaced by other initiatives	Net total jobs created in year	Method of validating jobs created / lost
	No.	No.	No.	
Total (all initiatives)	9 initiatives			
Year -2	47	0		Type of entity
Year -1	33	(pineapple and chicory industries faced challenges)		Type of entity
Year 0	44	N/A		

Job Creation through EPWP projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -1	3	91
Year 0		

Employees: Local Economic Development Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
7-9	1	1	1	0	0%
10-12	1	3	0	3	100%
13-15	1	1	1	0	0%
Total	3	5	2	3	60%

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Ndlambe Municipality has a huge scope to increase and intensify cattle farming and goat farming as key focal farming enterprises to emerging farmers and commercial farmers.

Livestock farming based on commonages has to be commercialised and township based farmers have to be taken through a commercialisation path through a massive campaign, technical support, training and design of a programmes to support black farmers towards commercialisation of livestock farming out of the townships. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the land reform farms and those going under.

Partnerships based on milk sharing or equity schemes is the most pragmatic option for making the black/community owned dairy farms to be functional and productive. The Diary industry is relatively stable and cash flow positive, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long term sustainability of the industry. Unfortunately the Diary industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it..

COMPONENT D: COMMUNITY AND SOCIALSERVICES

3.9 INTRODUCTION TO LIBRARIES; ARCHIVES; COMMUNITY FACILITIES

Library services play a critical role as information and resource centres for the local communities and for citizens. Ndlambe Municipality currently has eight operating libraries. Ndlambe Municipality has built a new library in Alexandria; Nonkqubela Township and renovated Trappesvalley Library to achieve the Municipal goal of having 1 Library in each Ward to bring the services closer to the community. Currently library section is procuring furniture and equipment for Nonkqubela library before it can be opened and fully operate as a library. Presently, all the libraries within the Municipal jurisdiction are serving as Public and School libraries due to a few schools with library facilities. Ndlambe Libraries occasionally assist with those that are initiating school libraries in terms of donating encyclopaedias that were donated by the community to the libraries as well as in setting up the school libraries at the initial stage. School learners visit the library in high numbers during their school terms for their school projects. Unemployed graduates also visit the libraries as there are sometimes vacancies put up as well as newspapers where they can search for the vacancies. Lastly Libraries are also used by community members at large which some are members and others are non-members of the libraries.

CIRCULATION OF LIBRARY MATERIALS

All Functional eight Ndlambe Municipal Libraries have migrated to Brocade Library System and some are still transferring their members and books that were on the manual system onto the Brocade Library System. Statistics for the Ndlambe Libraries for the whole year are as follows:

LIBRARIES	CIRCULATION	BOOK BLOCK LOAN
ALEXANDRIA	7050	Alexandria Christian Academy Day Care and Grade R
BUSHMANS	5364	
KENTON	10719	Kenton Primary
EKUPHUMLENI	3724	
PORT ALFRED	13405	Damant Lodge
BATHURST	2920	
FREESTONE	4401	Masiphumelele Day Care Centre
DR. I. K. MABINDISA	9846	Peter Pan and Nonkqubela Preschools

REGISTRY & ARCHIVES SECTION

PAIA Manual

A PAIA Manual was finalised, Adopted by Council on 27 May 2016. The PAIA Manual allows for transparency in the form of a Request Form.

Eliminate paper based documentation and records through Implementation of e-government

The Integrated Municipal Information System (IMIS) is an electronic version of paper based documents. The Ndlambe Municipality entered into a Service Level Agreement with TGIS.

The IMIS system:

- Manage all aspects of a municipality in one system
- Easy access to the right information
- Full audit trail
- Full access control
- Process automation allows low skilled user to be guided through process to ensure accuracy
- Communication barriers broken down

IMIS Modules in use:

TGIS contracted 12 modules of the IMIS System with Ndlambe Municipality, namely:

Module	Sub Module	Description
IMIS (Integrator)	X Security	Access Control
	X Administration	IMIS Administration
	X Basic Workflow	Messages, Tasks, Contacts
	X Venue Management	Management of municipal venues
	X Fax & E-mail integration	Common front-end for workflow, e-mails and faxing
IMIS-Build	X Building Control	Building Plan register & application
IMIS-Business	X Meetings Management	Agenda and Resolution Management
	X Contract Management	Contract Management
	X Supply Chain	Supply Chain Management
IMIS-Customer	X Customer Care	Complaints Management
IMIS-Doc	X Document Management	Document Process Management
	X Records Management	Records Control
	X Content Management	Document Information Portal
	X Web Content Display	Accessing document on the Web
IMIS-Fin	X Financial System Linking	Link Financial info with GIS
IMIS-Hr	X Personnel	Organogram
	X IMIS Performance	Performance Management on IMIS Modules
	X Leave Management	Leave Application

IMIS-Projects		IDP Planning	IDP Planning Tool
		Project Management	Project Definition and Monitoring
		Time Management	Personnel Time Booking
IMIS-Infra		Roads	Roads-Applications, Inventory and Assessment
		Water	Water-Applications, Inventory and Assessment
		Sewer	Sewer-Applications, Inventory and Assessment
		Electricity	Electricity-Applications, Inventory and Assessment
IMIS-Land	X	Land Management	Land and Ownership Identification
	X	Estates	Municipal Fixed property register
	X	Town Planning	Town Planning applications and Zoning
		Valuations	Property Valuations
IMIS-Social	X	Cemeteries	Cemetery Control and Register
		Housing	Waiting List Management
	X	Demographics	Stats SA Census Data
	X	Demarcation	Demarcation Data
		Disaster	Disaster Management
		Health	Health Inspections
	X	Heritage	Heritage Sites

Implementation of Records Management Policy

The Records Management Policy was adopted by Council on 27 May 2016. The implementation hereof would comply with the implementation of the new and approved File Plan. This policy conforms to all standards and guidelines as laid down by the Provincial Archives and Records Management Services.

3.10 CEMETERIES AND CREMATORIUMS

INTRODUCTION TO CEMETERIES

This service falls under Parks and Recreation Section. The municipality is currently under pressure due to unavailability of land for cemeteries. In terms of the revised SDF there is a need to identify new cemeteries but this will require environmental impact assessments and identification of land. All cemeteries throughout the municipality are cleaned on a regular basis as and when required. The cemeteries are reaching capacity and once the land disposal policy process is completed land needs to be identified for cemetery space and the necessary EIA and legislative requirements be followed. The municipality does not have its own crematorium facility and as such individuals utilise the services of funeral parlours.

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL:

There is no staff specifically employed for "Cemeteries" – these employees fall under "Parks & Recreation";

GREATER AREA	COMMUNITY	WARD	Nr of CEMETERIES
Greater Alexandria	Town of Alexandria	1	1
	KwaNonkqubela	1	1
	Wentzel Park	2	1

Boknes / Canon Rocks	Boknes / Cannon Rocks	2	0
Kenton / Bushmans River	Marselle	3	1
	Town of Bushmans river	3	1
	Town of Kenton on Sea	4	1
	Ekhuphumleni	4	2
Greater Bathurst	Bathurst (Main rd)	5	1
	Nolukhanyo	5	1
Greater Port Alfred	Town of Port Alfred	10	2
	Nemato	8	4
	Station Hill	6	1
Seafield / Kleinemonde	Seafield / Kleinemonde	6	0
TOTAL			<u>18</u>

- There are no posts in the Organogram allocated for "Cemeteries";
- There has been no capital budget for Cemeteries and Crematoria during the 2016/2017 financial year

REFUSE REMOVAL NDLAMBE MUNICIPALITY – 2016/2017

16 061 HOUSEHOLDS PER WEEK SERVICED THROUGHOUT NDLAMBE

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
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Greater Port Alfred

Monday	Town of Port Alfred	10	872
Tuesday	Nemato	7-9	709
	East Bank / Bottom West	10	861
Wednesday	Saltvlei / Station Hill	10, 6	1119
	Nemato	7-9	695
Thursday	Ndlovini	7-9	1595
	Thornhill	6	500

Thursday / Friday

Businesses in PA

10

*

TOTAL

6351

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Alexandria	Town of Alexandria	1	273
	KwaNonquela	1	1987
	Wentzel Park	2	736
Boknes / Cannon Rocks	Boknes	2	350
	Cannon Rocks	2	250
Greater Bathurst	Town of Bathurst	5	205*
	Nolukhanyo	5	856
	Freestone	5	918
Seafield / Kleinemonde	Seafield / Kleinemonde	6	235
TOTAL			<u>5810</u>

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
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Bushman's River Mouth

Mondays	Riversbend / Harmony Park	3	487
Tuesday	Old Bushmans (Town)	3	254
Wednesday	Half Marselle / River Rd	3	581
Thursday	Rest of Marselle	3	750
Friday	Businesses, Bins & Beach	3	35

Kenton-on-Sea

Mondays	Kenton Businesses	4	36
Mondays	Kenton Town	4	146

Tuesday	Kenton Residence	4	387
Wednesday	Kenton Residence	4	375
Thursday	Ekuphumleni	4	920
Friday	Businesses, Bins & Beach	4	36
TOTAL			<u>3900</u>

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

3.12 POLLUTION CONTROL

- There is no staff employed for pollution control – the Environmental Health Practitioners are carrying out this function;
- There are no posts in the Organogram specifically for pollution control;
- There is no budget allocated specifically for pollution control.

3.13 BIO-DIVERSITY AND LANDSCAPE

ENVIRONMENTAL COMPLIANCE

Number of vessel patrols conducted, 5.5metre, 4.7metre rubber duck:

• Kowie River	=	99
• Kariega River	=	51
• Bushmans River	=	49
• Fish River	=	1
• Kleinemonde	=	3
• Coastal Patrols	=	7
• Bathurst Water Supply Dam	=	1
• Total number of boat patrols	=	204

Boating decals sold: = 1389

Number of boat inspections conducted: = 1066

Number of vehicle patrols: = 935

Number of beach patrols: = 25

Number of Game Reserve patrols: = 27

Number of vehicles/persons stop & search: = 43

Number of slipways visited: = 694

Number of foot patrols conducted along Kowie, CBD area, East, West, Kelly's, Shelly, Kasouga, Kenton on Sea, and Bushman's Beaches/Rivers: = 241

Number of road blocks / VCP's attended: = 7

Number of complaints attended: = 356

Environmental Awareness / Education Campaigns: = 16

Number of written warnings/compliance notices issued: = 34

Number of fin es issued:	=	27
Number of warrants executed :	=	2
Number of verbal warnings issued:	=	145
Number of site inspections carried out:	=	119
Special Events attended for the month:	=	4 Intercity Rowing & Varsity Rowing; Kariega Triathlon & River Mile
Fees brought in due to special events:	=	R 15 093-00

ENVIRONMENTAL COMPLIANCE

	Duties	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1	River/Boat patrols	53	59	53	46	211
2	General patrols; (Reserves, beaches, foot etc.)	299	337	294	298	1228
3	Verbal warnings	65	44	27	11	146
4	Warning Notices / Fines and Warrants Issued	23	15	7	23	68

ENVIRONMENTAL CONSERVATION

BLUE FLAG BEACHES

- Ndlambe municipality applied for two full status beaches namely that of Kelly's Blue Flag Beach (11th season in a row), Kariega Main Beach (7th season in a row), Boknes (4th season), Kleinemonde (3rd season) and Middle beach (3rd season).
- At the National launch Ndlambe received two Blue Flags, namely that of Kelly's Beach (Ward 10), Kariega Main Beach and Three Pilot beaches, Middle Beach (Ward 4), Kleinemonde (Ward 6) and Boknes (Ward 3).
- During this period 2 unannounced visits were carried out by a Blue Flag South Africa Inspector.
- Water samples were taken on a bi-weekly- monthly basis throughout the duration of the season and all samples taken were far below the minimum count requirements for Ecoli and Streptococci as per Blue Flag standards on all five beaches.

WORKING FOR THE COAST PROJECT

- 2 DEA Working for the Coast Projects were in progress this year in the Ndlambe area:
- SANPARKS (Bushmans to Sundaysriver mouth). Number of beneficiaries: 85 of which 73 from Ndlambe area Alex to Bushmans
- PD Muratshi Development CC (Kenton-on-Sea to Fish River including boknes). Number of beneficiaries: 80, all from Ndlambe area

- Projects are working on a 6 month on and 6month off basis, stretching a two year project over three years 2015-2018.

ENVIRONMENTAL EDUCATION

Various environmental education campaigns were carried out at schools, beaches, Blue Flag Beaches and on site. Target audiences reached:

- 413 ADULTS
- 1439 SCHOLARS

3.14 ENVIRONMENTAL HEALTH

1. WATER QUALITY MONITORING

Water quality monitoring is also the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Water Quality monitoring is also set out on the municipal IDP as one of the priority areas for basic service delivery. Regular drinking water samples are taken for bacteriological and chemical analysis as per legislative mandate (SANS 0241) to establish water safeness for human consumption.

The graph below indicates compliance/failure as a result of Escherichia coli (E. coli) which is an indicator of faecal pollution by warm blooded animals (often interpreted as human faecal pollution). E.coli is responsible for infectious diseases such as gastroenteritis, cholera, dysentery and typhoid fever after ingestion of contaminated water.

The graph is generated automatically based on data loaded onto the electronic Water Quality Management System (eWQMS) and further provides summary information on key water quality results as required for legislative compliance.

FIGURE:2 Compliance/Failure for E.coli

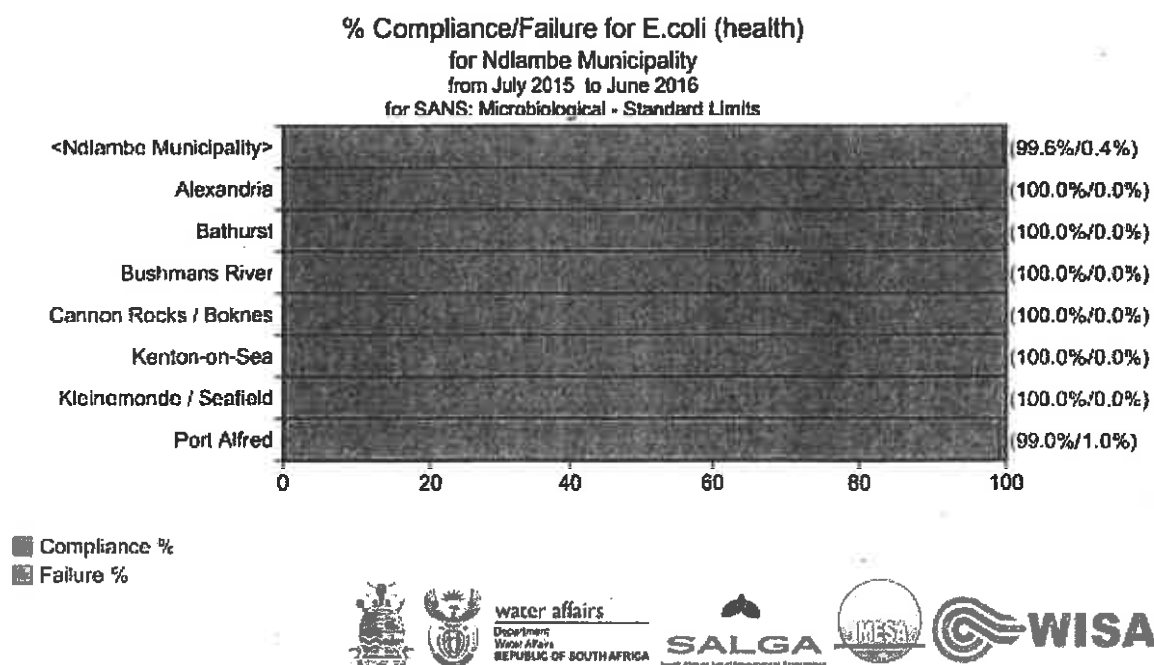
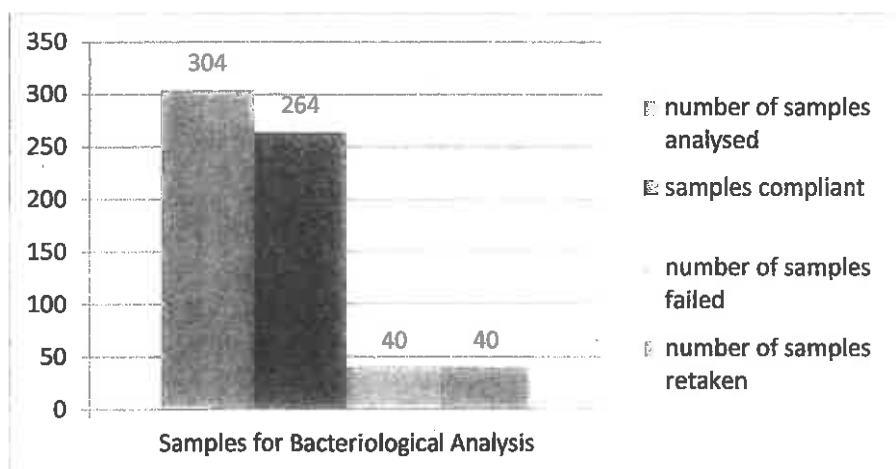


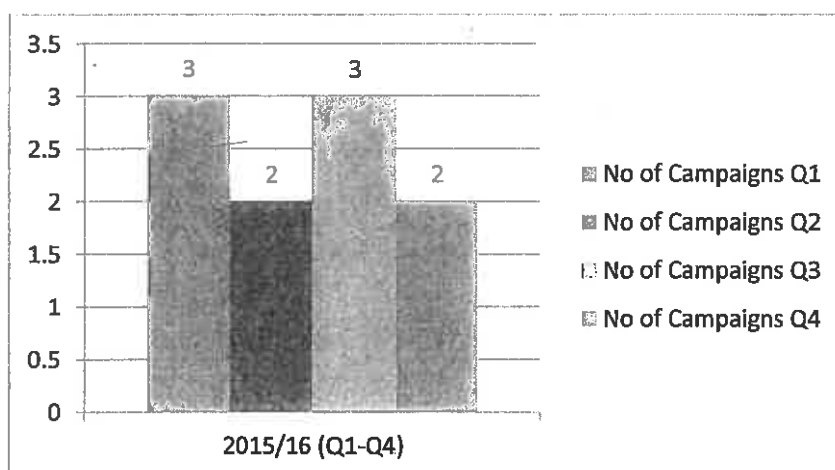
FIGURE 3: Drinking Water Quality Monitoring (E.coli/Faecal Coliform/Total Coliform)



2. COMMUNICABLE DISEASES

Communicable disease is also the most important Key Performance Areas for Environmental Health Services (Municipal Health Services) as also set out on the municipal IDP document. Education and Awareness campaigns are conducted in to prevent conditions that would favour the spread of communicable diseases. Education and awareness campaigns are aimed at improving Communicable Disease Control improves the quality of life of all Ndlambe municipality residents and the visitors. The primary role of Environmental Health on the cases and types of communicable diseases and illnesses in the community is to identify trends and patterns in the population. Environmental Health Practitioners conduct investigations which include interviewing persons affected by communicable disease. In addition, Environmental Health Practitioners educate individuals and the general public regarding communicable diseases and how to prevent transmission, in order to minimize or halt the spread of illness.

FIGURE 4: Education and awareness activities



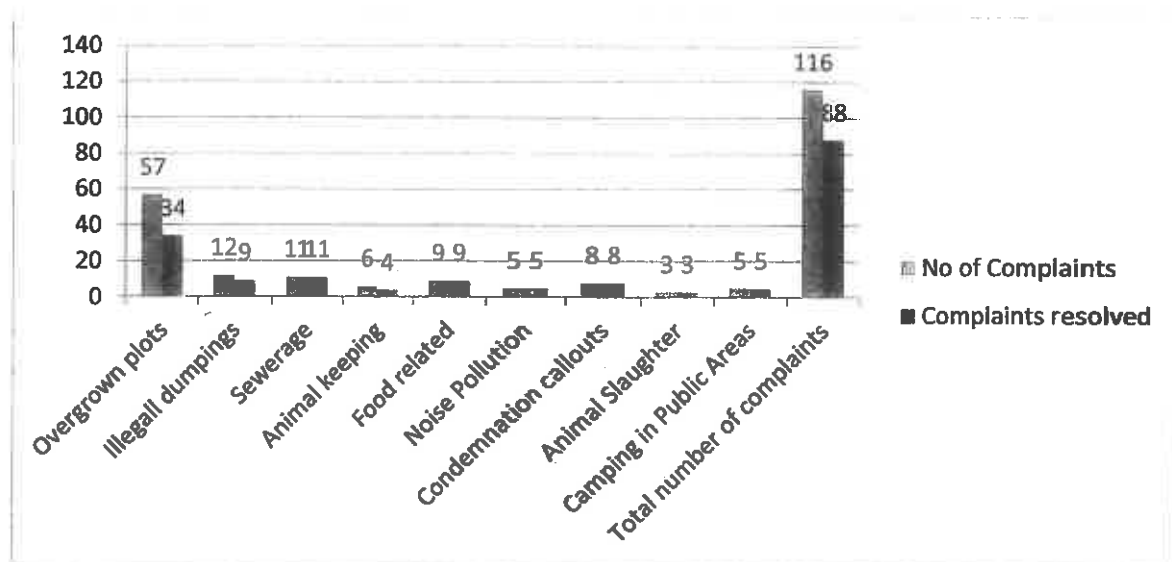
Activities on education and awareness Campaigns involved the following:

- Promoting use of environmentally friendly waste disposal practices
- Create support mechanisms for the protection of environment
- Distribution of a prohibition notice in terms of the municipal Solid Waste Disposal By-law
- Learners from Nomzamo High School - practical session on land pollution
- Door-to-door campaigns on separation at source recycling initiative
- Encouraging communities to actively participate in conservation of the environment
- Clean-up campaigns

3. ENVIRONMENTAL HEALTH RELATED COMPLAINTS

Environmental health is concerned with all aspects of natural and built environment that may affect human health. Environmental health also contributes to the promotion of wellness and prevention of disease, primarily by controlling environmental factors that negatively impact on human health; it also encompasses the discipline of anticipating, recognizing, evaluating and controlling health hazards. Most of the complaints attended are the priority areas of the municipality as listed on the municipal IDP document. The table below shows environmental health related complaints received during the 2016/2017 financial year.

FIGURE 5: Environmental health related complaints

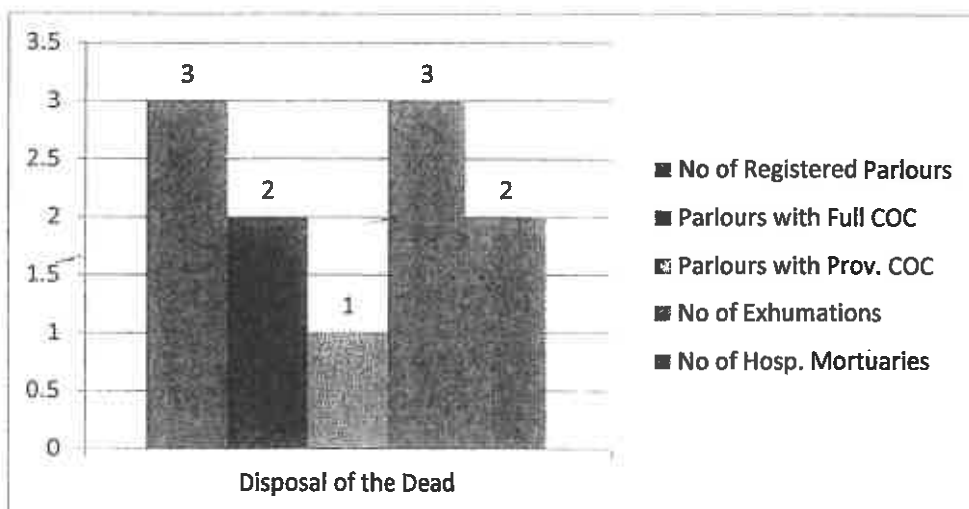


4. DISPOSAL OF THE DEAD

INSPECTION OF FUNERAL PARLOURS

All funeral parlours or undertakers are inspected to ascertain that the premises are in compliance with the applicable legislations including the regulation relating to funeral undertakers.

FIGURE 7: illustrates information relating to disposal of the dead.



**COMPONENT G:
SECURITY AND SAFETY**

3.15 FIRE

FIRE AND EMERGENCY SERVICES					
ANNUAL REPORT 2016/2017 FINANCIAL YEAR					
Number Of Fires	1ST	2ND	3RD	4TH	TOTAL
Buildings	1	0	0	2	3
Dwellings (formal)	3	5	0	4	12
Informal dwellings	3	6	7	5	21
Electrical	0	0	0	0	0
Rubbish	7	11	15	19	52
Vegetation	6	13	31	29	79
Transport	1	3	1	5	10
Other (not specified above)	0	0	0	0	0
Sub Total	21	38	54	64	177
Number Of Special Services					
Accidents	29	33	23	37	122
Rescue	0	1	1	0	2
Spillages	0	0	1	0	1
Miscellaneous (any other not specified)	0	6	13	4	23
Hazmat spillages	0	0	0	0	0
Sub Total	29	40	38	41	148

Nr Of Ancillary Services					
Provision of Potable Water	0	0	0	1	1
Locked premises	0	0	0	0	0
Any other types of humanitarian services	14	3	0	0	17
Sub Total	14	3	0	1	18
Number Of No - Services					
Extinguish before arrival	3	7	4	7	21
False Alarm Good Intent	3	1	1	2	7
False Alarm Malicious	1	2	0	1	4
Sub Total	7	10	5	10	32
Grand Total Of Incidents.	71	91	97	116	375
Number Of People Involved In:					
Fires	51	77	18	83	229
Accidents	74	58	57	58	247
Total	125	135	75	141	476
Number Of Fatalities					
Fires	0	1	0	0	1
Accidents	2	4	1	3	10
Total	2	5	1	3	11
Number Of Injuries:					
Fires	0	0	0	0	0
Accidents	15	22	14	29	80
Total	15	22	14	29	80

PROPERTY DAMAGES					
Estimated Damages (Contents and Building)	1179000	3716500	860800	69458000	75214300
Estimated Values (Contents and Building)	170000	349500	123800	7385500	8028800
No. Of Staff (Full Time)					
Chief Fire Officer	1	1	1	1	1
Assistant/Deputy Chief	0	0	0	0	0
Divisional Commanders	0	0	0	0	0
Station Commanders	0	0	0	0	0
Platoon Commanders	0	0	0	0	0
Senior / Leading Fire fighters	4	4	4	4	4
Fire Fighters	7	7	7	7	7
Control Room Operators	4	4	4	4	4
Reservist Fire fighters	9	7	7	7	7
Admin staff	0	0	0	0	0
Other staff-Volunteers	0	0	0	0	0
Total	25	23	23	23	23
Number Of Vehicles					
Major Fire Pumps	1(OOC)	1	1	1	1
Medium Pumper Fire Engines	1	1	1	1	1
Light Rescue vehicles	1	1	1	1	1
Heavy Duty Rescue	0	0	0	0	0
LDV Fire Skid units	1	1	1	1	1
Fire fighting trailers	0	0	0	0	0
Water Tankers	2(OOC)	2(OOC)	2(OOC)	2(OOC)	2(OOC)
Hazmat trailer / vehicle	1	1	1	1	1
Hydraulic Platforms	0	0	0	0	0
Turntable Ladders	0	0	0	0	0
Other	0	0	0	0	0
Total	3+Trl	4+Trl	4 + Trl	4 + Trl	4 + Trl
Fire Services Vehicles					
Vehicles involved in Accidents	0	0	0	0	0
Vehicles Out of Commission	1MP/2WT	2WT	2WT	2WT	2WT
Buildings / Fire Stations					
Location of fire stations	Port Alfred	Port Alfred	Port Alfred	Port Alfred	Port Alfred
No. Of fire stations (Includes Satellites)	1	1	1	1	1
Total	1	1	1	1	1
Staff Training & Development					
Number of staff trained in:	FF1	FF2	HAZ A	HAZ OPS	BAA
Total	11	8	10	8	6
Required	0	3	1	3	5
In- Services Training To Fire Staff					
Training Sessions	81	90	51	70	292

Nr. of hours theoretical and practical	157	166	105	144	572
Formal Training By Fire Staff					
Type of Training (Eg. FF1/FF2/BAA/Hazmat etc.	0	0		0	0
Number of Staff Trained during the Quarter	0	0	3	0	3
Total	0	0	3	0	3
Awareness And Training					
Number of civilians made aware	514	274	200	238	1226
Type of institution visited	COMMERCIAL/ INDUSTRIAL/ INSTITUTIONAL				
Number of children / teachers made aware	2204	0	196	51	2451
Number of schools covered	13	0	4	1	18
Fire Prevention					
General Inspections	169	143	83	118	513
Flammable Liquid	11	11	3	0	25
Building Plans	134	74	74	109	391
Fire Hydrants	163	323	204	263	953

3.16 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

- Disaster Management is a competency of Sarah Baartman District Municipality. A Disaster Co-Ordinator has been appointed by the District Municipality and he has a satellite office in Port Alfred;
- The Municipality is currently not carrying out the function of Animal Licensing. The control of animals and Public Nuisances is a shared function between Environmental Conservation and Environmental Health.

COMPONENT H: SPORT AND RECREATION

Employees: Sport and Recreation					
	Year -1		Year 0		
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalent) No.	Vacancies (as a % of total posts) %

Financial Performance Year 0: Sports and Recreation (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total operational Expenditure					

Additional to the Narrative report provided above the institutional Scorecard, comprising of performance report from each directorate and unit is provided below for the users' ease of reference and for audit purposes.

IDP REF NO	Objective	Key Performance Indicator	ONE YEAR INSURANCE 2019/20										ACTUAL PERFORMANCE	PERSONAL AND COMMUNITY	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			12 MONTHS SERVICE DELIVERY													
			Annual Targets 2016/17	Annual Budget 2016/17	Q1	Q2	Q3	Q4	Budget	Compliance	Target					
BSD1	Ensure that water is supplied as per DWA Standards	BSD1.1: A revised Water Safety Plan in place and implemented for each water supply system	85% Compliance	R150 000	0% Compliance	0% Compliance	0% Compliance	85% Compliance	R0. 00	0% Compliance	0% Compliance	Target met satisfactorily		Water Safety Plan for each water supply system Reports	INFRASTRUCTURE SERVICES	
		BSD1.2: % Increase of indigent households having access to free basic potable water	100%	R0. 00	15.6%	34.4%	34.4%	15.6%	R0. 00	34.4%	34.4%	Target met satisfactorily.	This is mainly a period after 'new registrations' have been captured thus increasing the number of indigent to whom the municipality provide services	Reports		

IDB REF NO	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17 KPA1: BASIC SERVICE DELIVERY												ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			Annual Targets 2016/17	Annual Budget 2016/17	Quantity Targets													
					Q1	Budget	Q2	Budget	Q3	Budget	Q4	Budget						
		BSD1.3: Supply sufficient potable water that meets national compliance standards.	97%	R10. 6m	Monthly quality control to all supply systems to have zero failures for 90% of tests	R1. 65m.	Monthly quality control to all supply systems to have zero failures for 90% of tests	Monthly quality control to all supply systems to have zero failures for 90% of tests	R3. 65m	Monthly quality control to all supply systems to have zero failures for 90% of tests	R1. 65m	Target met satisfact orily	The municipal ity provides sufficient quantity of water whose quality meets the national complan ce results. Test results are further proof of this	Reports				

IDP REF NO.	Objective	Key Performance Indicator	ONE YEAR INSTRUCTION RESOURCES															ACTUAL PERFORMANCE	CONTRAST	REASON FOR VARIATION	REPORTS FOR VERIFICATION	RESPONSIBLE DEPARTMENT
			2016/17																			
			KPA1: BASIC SERVICE DELIVERY																			
			Annual Budget 2016/17	Annual Target 2017/18	Q1	Budget	Q2	Budget	Q3	Budget	Q4	Budget	Q4	Budget	Q4	Budget	Q4					
		BSD1.4: % reduction in number of households without potable water	100%	R31000 00.00	23%	R 71300 0.00	34%	R10540 00.00	23%	R71300 0.00	20%	R62000. 00	Target met satisfy only	The municipality provides potable water to all households. It even goes further to provide the service to informal settlements through standpipes	Reports							
		BSD1.5: % increase in Blue Drop Status	100%	R2.440 m	20%	R488 000	30%	R732 000	30%	R73200 0.00	20%	R48000. 00	Target met satisfy only			Reports						
BSD2	Ensure water conservation and water demand management	BSD2.1: Annual % decrease in water losses	100%	R3 721 3 53.35m	6%	R 240 451.1 2	60%	R 2 240 45 1.12	33.3%	R 1 240 45 1.12	0%	0.00	Target met and exceeded			Reports						

IDP REF NO.	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17 KPA1- BASIC SERVICE DELIVERY										ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
			Annual Targets 2016/17	Annual Budget 2016/17	Q1	Q2	Q3	Q4	Budget	Target	Budget	Target					
		BSD3.4: % Increase of indigent household with access to free basic sanitation services	100%	R0.00	100%	100%	100%	100%	R0.00	100%	R0.00	100%	R0.00	Target met	All qualifying residents receive free basic sanitation	Reports	
		BSD3.5: Revised Waste Water Safety Plan per waste water system in place and implemented	100%	R0.00	0% Compliance	0% Compliance	0% Compliance	0% Compliance	R0.00	85% Compliance	R0.00	Target met		Waste Water Safety Plan Reports			
		BSD3.6 % increase in Green Drop status	100%	R241 855	20%	30%	30%	20%	R72 556. 50	30%	R48 371	Target met		Reports			
	Improve the quality of roads and storm water.	BSD4.1: Roads and Storm Water Management Plan in place and implemented	15%	R0.00	4%	4%	3%	4%	R0.00	4%	R0.00	Target met		Roads and Storm Water Management Plan			

IDP REF NO	Objective	ONE YEAR INSURANCE SURVEILLANCE REPORT 2016/17												MEASUREMENTS	RESPONSIBLE DEPARTMENT	
		Key Performance Indicator	Annual Targets 2016/17		KVLA1: BASIC SERVICE DELIVERY								Actual Performance			Reason for Variance
			Annual Target 2016/17	Annual Target 2016/17	Q1	Budget	Q2	Budget	Q3	Budget	Q4	Budget				
		BSD4.2: Improved implementation of roads and storm water against % of budget expended	100% of total alignment utilising 100% budget allocation	R4756048	25% of total alignment utilising 25% budget allocation	R1189012	40% of total alignment utilising 25% budget allocation	R1902419.20	20% of total alignment utilising 25% budget allocation	R951209.60	15% of total alignment utilising 25% budget allocation	R713407.20	Target met		Reports	
BSD5	Ensure development of integrated human settlements	BSD5.1: Measure implementation against the Housing Sector Operational Plan for the year under review.	100% Allocation	R0.00	25% Allocation Expended	R0.00	50% Allocation Expended	R0.00	75% Allocation Expended	R0.00	100% Allocation Expended	R0.00	Target met	This is a provincial competency and the municipality acts as an agent	Reports	
BSD6	Ensure access to electricity and/or alternative energy	BSD6.1: Monitor the provision of electricity according to the existing Electricity Maintenance Plan	100% on draft of maintenance plan	R100000	Nil	R0.00	100%	R0.00	Nil	R0.00	Nil	R100000	Target met		Reports	
		BSD6.2: Measures put into place that explores the partnership mechanism	Agenda's and minutes to meetings with NERSA, ESKOM and DoE reflect partnership	R0.00	Nil	R0.00	Nil	R0.00	Nil	R0.00	agenda's and minutes to meetings with NERSA, ESCOM	R0.00	Target met		Reports	

IDP REF NO.	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17														ACTUAL PERFORMANCE	EASON FOR VARIANCE	PLAN OF ACTION	RESPONSIBLE DEPARTMENT
			KWV Basic SERVICE DELIVERY																	
			Annual Budget 2016/17	Annual Budget 2017/18	Quarterly Targets															
					Q1	Q2	Budget	Q3	Budget	Q4	Budget									
	with ESKOM		and similar goals																	
	BSD6.3: % increase of households with access to electricity in direct proportion to housing projects implemented	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	Target met		Reports				
	BSD6.4: % increase of indigent households with access to basic electricity service in direct proportion to housing projects coming on-line	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	R0.00	100% of formal urban households to have access to electricity	Target met		Reports				

IDP REF NO.	Objectives	Key Performance Indicators	ONEWATER INSTITUTIONAL STANDARD 2016/17 KPA1: BASIC SERVICE DELIVERY										ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			Annual Targets 2016/17		Annual Budget 2016/17		Quarterly Targets									
			2016/17	2016/17	Q1	Q2	Budget	Q3	Budget	Q4	Budget					
BSD7	Utilization and management of available land and buildings in a sustainable manner	BSD6.5: % increase of indigent households with access to free alternative energy sources	Register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R0.00	Target met			Reports	INFRASTRUCTURE SERVICES	
		BSD7.1 Improved turnaround time on approval of land use applications within statutory frameworks	Improved turnaround time on approval of land use applications within statutory frameworks	R835 000	20% of all land use applications are approved within statutory frameworks	30% of all land use applications are approved within statutory frameworks	R250 800	30% of all land use applications are approved within statutory frameworks	R250 800	20% of all land use applications are approved within statutory frameworks	R167 200	Target met		Reports		
		BSD7.2: Lease Register compiled and managed	10% of the existing backlog is resolved per quarter.	R0.00	2.5% of the existing backlog is resolved	5% of the existing backlog is resolved	R0.00	7.5% of the existing backlog is resolved	R0.00	10% of the existing backlog is resolved	R0.00	Target met		Lease Register Reports		
		BSD7.3: Reduction in number of land use practices/decisions that are not aligned	100%	R0.00	100%	100%	R0.00	100%	R0.00	100%	R0.00	Target met		Reports		

IDP REF. NO.	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2019/20										ACTUAL PERFORMANCE	FINANCIAL	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
			Annual Target 2019/20	Annual Budget 2019/20	Q1	Q2	Q3	Q4	Budget	Quantity Target	Budget	Actual					
BSD8	Ensure that an effective fleet management system is in place	with the applicable regulatory framework															
		BSD8.1: Fleet Management Policy in place	The baseline is the number of disciplinary actions taken the previous year relative to non-compliance reports, where a 50% improvement is aimed for, for this financial year and review of the policy to be completed 100%	R0.00	12.5% on Baseline	R0.00	25% on Baseline	R0.00	37.5% on Baseline	R0.00	50% on Baseline	R0.00	Target met		Fleet Management Policy in place	INFRASTRUCTURE SERVICES	
		BSD8.2: Fleet Maintenance Plan developed and implemented	Fleet Maintenance Plan	R0.00	Nil	R0.00	Nil	R0.00	Nil	R0.00	100%	R0.00	Target met		Fleet Maintenance Plan	INFRASTRUCTURE SERVICES	
		BSD8.3: Improved turnaround time in the servicing and repairing of municipal fleet	100%	R10 228640	20%	R2045 728	30%	R30659 2	30%	R3 068592	20%	2045728	Target met		Reports	INFRASTRUCTURE SERVICES	

IDP REF NO	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17														ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			KPA1: BASIC SERVICE DELIVERY																	
			Annual Targets 2016/17	Annual Budget 2016/17	Quarterly Targets				Quarterly Budget				Target met							
					Q1	Q2	Budget	Q3	Budget	Q4	Budget									
BSD9:	Ensure a safe and healthy built environment	BSD9.1: Improved turnaround time for approving qualifying building plans within statutory timeframes measured against meeting agenda and minutes of the Building Committee	100%	R0.00	-	R0.00	R0.00	100%	R0.00	R0.00					Target met		Reports			
		BSD9.2: Improved law enforcement of buildings that are not complying to legislative requirements	100%	R92 800	20%	R18 560	30%	R27 840	20%	R18 560	30%				Target met		Reports			

IDP REF. NO.	Objective	Key Performance Indicators	ONE YEAR IMPLEMENTATION REPORT CARD 2016/17													REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			KPA1: BASIC SERVICE DELIVERY															
			Annual Budget 2016/17	Actual 2016/17	Quantity Targets				Budget									
					Q1	Budget	Q2	Budget	Q3	Budget	Q4	Budget						
BSD11	Ensure well maintained gravesites in close proximity to settlements	BSD11.1: Draft Maintenance Plan in place for all cemeteries	100% Monitoring	R0.00	Monitoring against expenditure targets	R0.00	Identify new land for cemeteries	R0.00	Monitoring implementation against expenditure targets	R0.00	Monitoring implementation against expenditure targets	R0.00	Target partially met	The function cuts across departments	Maintenance Plan Reports			
		BSD11.2: Monitor implementation of maintenance plan against expenditure targets for the current financial year	100% monitoring	R0.00	100% Monitoring	R0.00	100% Monitoring	R0.00	100% Monitoring	R0.00	100% Monitoring	R0.00	Target met.	The municipality has a dedicated person who does monitoring and allocation of plots on a weekly basis				
BSD12	Provide sufficient and affordable solid waste disposal options to communities according to legislative frameworks	BSD12.1: Procure funding to craft a revised integrated waste management plan in the next financial year.	100%	R0.00	Monitoring of the existing IWMP	R0.00	Identification of new landfill sites	R0.00	Identification of new landfill sites	R0.00	Implementation of permits of all landfill sites	R0.00	Target met	There is an approved IWMP for 2016/17 in place. All landfill sites have permits. The Identification of land is still underway	Reports			

IDP REF NO	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17										MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
			Annual Targets 2016/17		Annual Budget 2016/17		Quarterly Targets		Actual Performance		EACI PROJECT				
			2016/17	2016/17	2016/17	2016/17	Q1	Q2	Q3	Q4	Budget	Actual			
BSD13	Ensure sustainable utilisation of natural resources according to the existing available legislation and policies	BSD12.2: Monitor implementation against the current schedules relating to waste disposal objectives	100% Monitoring	R0.00	100% Monitoring	R0.00	100% Monitoring	R0.00	100% Monitoring	R0.00	100% monitoring	Target met	Reports	EACI PROJECT	RESPONSIBLE DEPARTMENT
		BSD13.1: Procure funding to craft various environmental management plans as prescribed by the AG.	Funding Secured	R0.00	Make follow up with the various departments	R0.00	Make follow up with the various departments	R0.00	Make follow up with the various departments	R0.00	Make follow up with the various departments	Target partially met	Reports		
		BSD13.2: Obtain and maintain Blue Flag International standards of all Blue Flag Beaches	100%	R406 519.00	Maintain blue flag status	R101 629.75	Maintain blue flag status	R101 629.75	Maintain blue flag status	R101 629.75	Maintain blue flag status	Target met	Reports		
		BSD13.3: Protection and management of all natural resources according	100%	R 438 893.00	A conservatist and Environmental health practitioner posts have been	R109 723.00	Selection process	R109 723.00	Appointment of the operational managers	R109 723.00	Positions filled	Target met			

IDP REF NO	Objective	Key Performance Indicators	Approved Budget 2016/17	ONE ZARING MUNICIPAL SCORCARD 2016/17								ACTUAL PERFORMANCE	REASON FOR VARIATION	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
				KPA1: BASIC SERVICE DELIVERY												
				Annual Budget 2016/17	Quarterly Targets		Q1	Q2	Q3	Q4	Budget					
					Budget	Target										
		to the targets set for each operational manager				provided for in the organogram and will be appointed soon										
BSD14	Improve the environmental health of the area in accordance with environmental health legislation	BSD14:1: Measure implementation against compliance with standards as provided in national legislation	R609 445.00	To run an effective Municipal Health services		Monitoring of Municipal Health Services as per SLA	Monitoring of Municipal Health Services as per SLA	Monitoring of Municipal Health Services as per SLA	Monitoring of Municipal Health Services as per SLA	R152 361.25	R152 361.25	R152 361.00	Target met	Municipal health services SLA is in place and is implemented	Reports	
BSD15	Improve road safety in accordance with the National Road Traffic Act	BSD15:1: Required traffic management measures are implemented according to legislation	R1 585 894	100%		100% Compliant with national legislation	100% compliant with national legislation	100% compliant with national legislation	100%compliant with national legislation	R396 473.50	R396 473.50	R396 473.50	Target met	The traffic function is being carried out throughout the municipality	Reports	
BSD16	Regulate the enforcement of by-laws	BSD16:1: Measures taken to regularize the enforcement of by-laws	R194 093.00	100%		100% Compliant with the Municipal By-Laws	100% Compliant with the Municipal By-laws	100% Compliant with the Municipal By-Law	100% Compliant with the Municipal By-law	R485 23.25	R485 23.25	R485 23.25	Target met	The municipal By-Laws are implemented by the By-law enforcement	Reports	

IDP REF. NO.	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17 KPA1: BASIC SERVICE DELIVERY										ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEAN OR VARIATION	RESPONSIBLE DEPARTMENT	
			Annual Targets 2016/17		Annual Budget 2016/17		Quarterly Targets										
							Q1	Q2	Budget	Q3	Budget	Q4					Budget
BSD17	Provide fire and disaster management services in terms of National Disaster Management Act and applicable Fire Services legislation	BSD17.1: Draft Fire Emergency Implementation Plan in place	Fire and emergency Implementation plan in place	R 0.00	Do research on fire and emergency plan	R0.00	Draft in place	R0.00	Inform the public about the Draft	R0.00	Submit the draft to the Council for adoption	R0.00	Target met	Office	The plan is in place and is implemented	Community & Protection Services	
		BSD17.1: Monitor the implementation against the draft fire and emergency plan	100% of monitoring fire and emergency plan	R 1 44 3744.00	100% of monitoring fire and emergency plan	R360 936.00	100% of monitoring fire and emergency plan	R360 936.00	100% of monitoring fire and emergency plan	R360 936.00	100% of monitoring fire and emergency plan	R360 936.00	Target met			Draft Fire Emergency Implementation Plan Reports	

IDP REF NO.	Objective	Key Performance Indicator	Annual Targets		Annual Budget	Quarterly Targets								Actual Performance	Action Plan	Reports & Minutes ToR Schedule of meetings
			BASELINE	2015/16		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
OTID1	Ensure efficient and cost-effective management of the resources and the performance of the Municipality	OTID1.1: Municipal administration and performance managed effectively OTID1.2: Fiscal discipline maintained and monitored	12	12 Meetings of Management Committee Approved ToR Schedule of Meetings		3 Meetings of Management Committee Schedule of Meetings	3 Meetings of Management Committee	3 Meetings of Management Committee	3 Meetings of Management Committee	3 Meetings of Management Committee	3 Meetings of Management Committee Approved ToR Schedule of Meetings	Target met			Reports	
				12 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS		3 S71 Reports Quarterly Financial Report	3 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS	3 S71 Reports Quarterly Financial Report	3 S71 Reports Quarterly Financial Report	3 S71 Reports Quarterly Financial Report	3 S71 Reports Quarterly Financial Report	Target met			Reports	
		OTID1.3: Legal compliance monitored and reported on		Litigation Register Annual Report on Litigation Register		None	None	None	None	Litigation Register Annual Report on Litigation Register	Target met			Litigation Register Report		
		OTID1.4: Performance Information reports analysed and signed off	4	4 Quarterly Performance Reports S72 Mid-year Performance Report Annual Report	0	1 Quarterly Performance Report Annual Report	1 Quarterly Performance Report S72 Mid-year Performance Report	0	0	1 Quarterly Performance Report R0.00	0	Target met	4 Quarterly Performance Reports S72 Mid-year Performance Report Annual		Reports	

IDF REF NO	ONE YEAR INSTITUTIONAL SECURE CARD 2016/17													Actual Performance	Report compiled and available	Reports
	KPA2: ORGANISATION TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT															
	Objective	ICV Performance Indicator	Baseline	Annual Targets 2016/17	Annual Budget	Q1	Q2	Q3	Q4	Quarterly Targets						
			nce Report Annual Report													
	OTID1.5: Quarterly reports on Performance Reviews for section 56 Managers analyzed and signed off	4 Quarterly S56 Reports Annual S56 Report	nce Report Annual Report	4 Quarterly S56 Reports Annual S56 Report	R	1 Quarterly S56 Report Annual S56 Report	1 Quarterly S56 Report Annual S56 Report	1 Quarterly S56 Report Annual S56 Report	1 Quarterly S56 Report Annual S56 Report	1 Quarterly S56 Report Annual S56 Report	1 Quarterly S56 Report Annual S56 Report	1 Quarterly S56 Report Annual S56 Report	Target met	4 Quarterly reports on Performance Reviews for section 56 Managers analyzed and signed off	Reports	
	OTID1.6: Quarterly reports on Internal Audit three-year rolling strategic plan analysed and signed off	4 Quarterly IA Reports Annual IA Report	4 Quarterly IA Reports Annual IA Report	0	0	1 Internal Audit Report	1 Internal Audit Report	1 Internal Audit Report	1 Internal Audit Report	1 Internal Audit Report	1 Internal Audit Report	1 Internal Audit Report	Target met	4 Quarterly IA Reports Annual IA Report compiled and available	Reports	

ID/REF NO.	Objective	Key Performance Indicator	KPAZ ORGANISATION TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										Ratio for Variations	Reports
			Annual Targets		Annual Budget	Quarterly Targets				Actual Performance				
			Baseline	2016/17		Q1	Q2	Q3	Q4					
	OTID1.7: Quarterly reports on implementation of Administrative Delegations of Authority analysed and signed off	4 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report	4 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report	0	1 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report	1 Quarterly Administrative Delegations Reports	0	1 Quarterly Administrative Delegations Reports	0	1 Quarterly Administrative Delegations Reports	0	4 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report	Target met	4 Quarterly Administrative Delegations Reports Annual Administrative Delegations Report
	OTID1.8: Quarterly reports on implementation of Financial Delegations of Authority analysed and signed off	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report	0	1 Quarterly Financial Delegations Report Annual Financial Delegations Report	1 Quarterly Financial Delegations Report	0	1 Quarterly Financial Delegations Report	0	1 Quarterly Financial Delegations Report	0	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report	Target met	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report

IDP REF NO.	Objective	Key Performance Indicator	KPA2: ORGANISATION TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										Quarterly Targets			Actual Performance	Reason for Variance	Report analysed and signed off		
			Baseline	Annual Targets 2016/17	Annual Budget	Q1	Q2	Q3	Q4	3 Monthly Reports	3 Monthly Reports	3 Monthly Reports	0	3 Monthly Reports	0				3 Monthly Reports	0
OTID2	Promote integrated development planning in the Municipality	OTID1.9: Monthly reports on Audit (AG) Action Plan analysed and signed off	12 Monthly Reports	12 Monthly Reports	0	3 Monthly Reports	0	3 Monthly Reports	0	3 Monthly Reports	0	3 Monthly Reports	0	3 Monthly Reports	0	3 Monthly Reports	0	Target met	12 Monthly Reports compiled	Reports
		OTID2.1: Adopted IDP and Budget process and time schedule	Adopted IDP and Budget process and time schedule	Adopted IDP and Budget process and time schedule	R 1000.00	Adopted IDP and Budget process and time schedule	R1000.00											Target met	IDP and Budget process and time schedule adopted	IDP and Budget Schedule
		OTID2.1: Community consultation on the development, implementation and performance of the IDP coordinated	4 meetings	6 Consultations	R3000.00	2	R1000.00	1	R500.00	1	R500.00	2	R1000.00	Target exceeded	This was due to extensive budget and IDP consultation and individual organisation	Notices & Invitations				

IDP REF NO.	Objective	Key Performance Indicator	Annual Targets		Annual Budget	Quarterly Targets				Reason for Variance	PMS Policy				
			Annual Target	Baseline		Q1	Q2	Q3	Q4						
												2016/17			
OTID3	Establish performance measurement and reporting mechanisms against IDP and SDBIP	Council and its structures (according to applicable legislation) on performance achieved with the implementation of scorecards	PMS Framework	Policy developed and adopted.	R0.00	1	R0.00	1	R0.00	1	1 Annual Report	1 Mid-year Report	compiled	Target met PMS Policy developed and adopted	PMS Policy
		OTID3.1: PMS Policy reviewed and adopted	Nil	M&E policy developed and adopted.	R50.000	Terms of reference developed	Policy developed and adopted	R0.00	1	1	1	1	Target not met	Target not met	M&E Policy
		OTID3.2: M&E Policy developed and adopted	Performance Plan In Place	Performance plan developed and adopted.	R0.00	-	R0.00	-	R0.00	-	Consultation Session	Score cards be developed and	Target met	Target met	Municipal Performance Plan
		OTID3.3: A Municipal Performance Plan in place	S57 and S56 Managers	PMS Framework reviewed and a plan to	R0.00	-	R0.00	-	R0.00	-	A plan to cascade the PMS be developed,	Target not met	Target not met	Target not met	PMS Framework

IDP REF NO.	ONE YEAR INSTITUTIONAL SCORECARD 2015/16									
	ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT									
	Objective	Key Performance Indicators	Baseline	Annual Targets	Annual Budget	Q1	Q2	Q3	Q4	Quarterly Targets
	cascaded to Supervisory and Management levels			cascade in place				submitted to Council R0.00	workshopped and be submitted to Council for noting. R0.00	
								Process of developing agreements and plans for both the managers and supervisors started R0.00	Performance agreements and plans developed and signed by the managers and supervisors and submitted to Council for noting R0.00	
					R0.00		R0.00		Target not met	Will be concluded once an agreement has been reached with organised labour
	OTID3.5: Supervisors' and Managers' Performance Agreements and Plans developed		Nil	Reviewed Performance agreements and plans for Supervisors and Managers in place and implemented	R0.00					
	OTID3.6: Municipal quarterly, mid-year and annual performance reports compiled		6 Reports	6 Reports		1 Quarterly performance report 1 Annual Performance report	1 Quarterly Report 1 Annual Report	1 Mid-year Report	1 Quarterly Report	
									Target met 6 Reports compiled	Reports

IDP REF NO	Objective	Key Performance Indicator	KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										Quarterly Targets	Reasons for Variance	Reports	
			Annual Targets 2016/17		Annual Budget	Quarterly Targets				Annual Performance	Target met	4 Quarterly Validated Performance Information Reports				
			SPAS	Q1		Q2	Q3	Q4								
	according to applicable prescripts															
	OTID3.7: Quarterly validation of performance information performed by Internal Audit	Validation in Performe d	4 Quarterly IA Validated Performance Information Reports	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report	Quarterly IA Validated Performance Information Report
OTID4	Ensure provision of an efficient and effective HRM service delivery enhancement through advisory and administrative support systems	OTID4.1: % of the people employed must comply with the targets set in Employment Equity Plan for designated groups % of Municipal employees capacitated in order to enhance service delivery	60%													
			Submission													
									</							

IDP REF NO.	Objective	Key Performance Indicator	BASELINE	Annual Targets	Annual Budget	Quarterly Targets								Person responsible	Attendance registers, Framework and report				
						Q1	Q2	Q3	Q4	R 10 000	Two employee wellness programme	R 57 000	One employee wellness programme			R 10 000	Two employee wellness programme	R 40 000	Targetmet
		OTID4.2: Increased employee wellness activities		Framework in Place with six wellness programmes	R117 200	One employee wellness programme	Two employee wellness programme	One employee wellness programme	Two employee wellness programme	R 10 000	R 57 000	One employee wellness programme	Two employee wellness programme	R 40 000	Targetmet		WSP		
		OTID4.3: % of Municipal employees capacitated in order to enhance service delivery		Submission of WSP by the due date	R 11 700	Submission of Reports	Submission of Reports	Developed WSP	Submission	R 200	R 200	Submission of Reports	Submission	R 2300	Target met	WSP has been submitted by the due date			
		OTID4.4: Measures maintaining sound employment relations according to collective agreement in place		12 Local Labour Forum Meetings	R400	3 Local Labour Forum Meetings	3 Local Labour Forum Meetings	3 Local Labour Forum Meetings	3 Local Labour Forum Meetings	R100	R100	3 Local Labour Forum Meetings	3 Local Labour Forum Meetings	R100	Target met	12 Local Labour Forum meetings have seat	Agendas Minutes		
		OTID4.5: Measures improving safe and healthy working environment in place	No health and Safety Committee in place	4 Health and safety committee meetings	R600	One Health and safety committee meeting	One Health and safety committee meeting	One Health and safety committee meeting	Health and safety committee meeting	R150	R150	One Health and safety committee meeting	Health and safety committee meeting	R150	Target met		Agendas Minutes Flyers		

IDP REF NO.	Objective	Key Performance Indicator	ONE YEAR RATIONALE: SCORECARD 2015/17													
			KPA: ORGANISATION TRANSFORMATION AND DEVELOPMENT													
			Baseline	Annual Targets 2015/17	Annual Budget	Q1	Q2	Q3	Q4	Quarterly Target	Reviewed Structure	Reviewed Structure				
	OTID4.6: Personnel structure aligned to legal requirements and strategic objectives	Organogram not aligned to institutional objectives			RO	0	0	0	Submission coordination by Directorates	RO	Consultation with organised Labour	Reviewed structure aligned with strategic objective approved by Council	RO	Target met	The municipality has reviewed its organogram in line with its objectives	
	OTID4.7: Revised Annual HR Plan in place	HR plan in place		Revised HR Plan	RO0	0	0	0	Implementation of the HR Plan adopted in the last Financial Year	0	Revised Draft HR Plan	HR Plan to Exco for Approval	RO	Target met		HR Plan
	OTID4.8: HR Strategy Framework with updated HR policies in place		12 HR Policies and HR Framework		RO0	0	0	0	-	0	Audit HR Policies	Framework developed and 3 Approved or Reviewed policies	RO	Target met	12 HR policies have been developed and adopted	HR Strategy Framework HR Policies
	OTID4.9: Mechanisms for Job	No mechanisms	Framework in place		R160 000	0	0	0	-		Draft Job Evaluation	Job Evaluation		Target met	Job evaluation	Job Evaluation

IDP REF NO	Objective	Key Performance Indicator	Baseline	Annual Targets	Annual Budget	Quarterly Targets						Actual performance	Reason for Variance
						Q1	Q2	Q3	Q4				
													manag ement
	OTID5.3: Number of ventures increasing public access to libraries and information services			4 Library Committee per year. 18 annual Awareness Campaigns	R 8500	1 library committee meeting 8 Awareness campaigns	R2150 R20 000	1 library committee meeting 4 Awareness campaigns	R2100 R 50 000	1 library committee meeting 4 Awareness campaigns	R2150 R100 000	Target met	Over and above the set target Libraries go out to communities and schools to undertake library awareness campaigns
													Reports Agendas Minutes

IDP REF NO.	ONE YEAR INSTITUTIONAL SCORECARD 2016/17															
	KPA2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT															
	Objective	Key Performance Indicator	BASELINE	Annual Targets 2016/17	Annual Budget	Source Funding	R 0	Ensure availability of Funding	R 3000	Appoint ment of Consulta nt to develop library specificat ion	R505 000	Start procurement process	R 1500 000	Target met	Action for Variance	Reports
	OTID5.4: Increase number of existing Libraries		1 Additional Library	R 2 008 000											I additio nal library in Alexan dria has been comple ted	
	OTID5.5: Maintenance Plan for municipal buildings and community facilities in place		Maintenance Plan in Place	R 73 000					R 50 000		R 20 000	Audit halls, Develop draft and ensure adoption	R 3000	Target met	Mainte nance Plan is in place and operati onalise d	Maintenan ce Plan
OTID6	Maximise use of Information and Communica tion Technology (ICT)	OTID6.1: ICT Implementati on Plan (Master Systems Plan) in place	No ICT Impleme ntation Plan	Implement initiatives per plan and amend plans as needs arise					Draft plan approved by Council		Implement initiatives per plan		Target met			ICT Implement ation Plan
		OTID6.2: ICT Operational Plan in place and	Steering committe e in place	4 meetings of IT Steering Committee held	11 T Steering Committee meeting	11 T Steering Committee meeting	11 T Steering Committee meeting		11 T Steering Committ ee meeting		11 T Steering Committee meeting		Target met	Steerin g Commi tree meetin	ICT Operational Plan	

IDP Ref No	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17									
			KPA ORGANISATION TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT									
			Annual Targets	Annual Budget	Q1	Q2	Q3	Q4	Actual Performance	Reason for Variance	SCOA Implementation Plan	Reports SPU Policy
		Implemented										
		OTID6.3: SCOA Implementation Plan in place and implemented	Approved SCOA Implementation Plan		Committee meeting to evaluate progress and reporting on progress	Committee meeting to evaluate progress and reporting on progress	Committee meeting to evaluate progress and reporting on progress	Committee meeting to evaluate progress and reporting on progress	Target met	SCOA Implementation Plan is in place and committee meeting as per schedule	SCOA Implementation Plan	
OTID7	Contribute to the creation of an enabling environment with clear regulatory framework for implementation of gender and social	OTID7.1: Established channels for mainstreaming issues for designated groups through Special Programmes throughout the Municipality	SPU Policy developed and adopted	RO.00					Target not met	The policy is currently being developed and will be completed in 2017	Reports SPU Policy	

IDP REF. NO.	Objective	Key Performance Indicator	Baseline	Annual Targets	Annual Budget	Q1	Q2	Q3	Q4	Quarterly Target	Actual Performance	Reason for Variance	Reports
	developmental programmes	OTID7.2: Creation of socio-economic opportunities accommodating all the designated groups	Forums in place but defunct	Revived and Functional Forums						R0.00	Target met		Reports
			5	Institutionalised days	R110000	Mandela Day and womens month	Disability and elderly month	Human rights day	Youth Month	R50 000	Target met		
		OTID7.3: No. of Programmes to minimise the socio-economic impact of HIV/AIDS in place	4	4 Programmes	R90 000	1 sexual transmitted infections awareness programme	Awareness programme on crime against women and children and a Programme on World AIDS day	Awareness on TB defaulters and TB related issues. R15 000	Promotion on adherence on HIV/AIDS treatment, of Voluntary Counselling and testing on infected and affected	R15 000	Target met	All 4 awareness campaigns were conducted	Reports
		OTID7.4: No. of programmes implemented to support sports, arts and culture	1	3 programmes	R140000.00		R50 000.00	R35 000.00		R35 000.00	Target met		Reports
		OTID7.5: No. of moral regeneration	3	2 programmes				Facilitate annual general	A workshop for the newly revived	R10 000			Reports

IDP REF NO.	Objective	Key Performance Indicator	O1616 INSTITUTIONAL SECURELAND 2016/17 HPA3: LOCAL ECONOMIC DEVELOPMENT										MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
			BASELINE	Annual Targets 2016/17	Q1	Q2	Q3	Q4	Quarterly Targets			Actual Performance			Reason for Variance
		Enterprise Development Strategy									enterprises				
LED2	Promote and support agricultural development to stimulate economic growth and development that will result in the creation of jobs	LED2.1: Agricultural Development Strategy and plan in place	Nil	Agricultural Development Strategy and plan in place							Drafting of the strategy	Target not met	Budget constraints are not permitting to have this at this stage .Will continue to source funds to ensure its attainment.	Agricultural Development Strategy	
		LED2.2: Measures implemented for agricultural development against targets set in Agricultural Development Plan	Nil	100%								Target partially met	As part of Resource Mobilisation and Development of Emerging Farmers, Business plans have been compiled to assist in this regard and are attached	Reports	
LED3	Maximise the number of people visiting the area as a destination of	LED3.1: Tourism Strategy and Plan in place	Nil	Tourism Strategy and Plan							Drafting of the strategy	Target partially met	As part of developing and promoting inclusion of	Tourism Strategy and Plan	

IDP REF NO	Objective	Key Performance Indicator	Baseline	Annual Targets 2016/17	Plan in place	Strategy plan	Q1	Q2	Q3	Quarterly Targets	Actual Performance	Reason for Variance	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
	choice				Plan in place			enterpris es				marginalised groups into the mainstream of tourism, 2 Tourism Facilities have been established and co-operatives involved in Tourism have been identified to benefit through management of those facilities. These are Kap River Nature Reserve and Cannon Rocks		
		LED3.2: Measure the impact of the tourism strategy and plan against target set in the strategy and plan		Impact made by tourist on local economy					Ensure that all tourist sites have registers to record number and place of origin	-	Measure the impact	Target met	As part of developing and promoting inclusion of marginalised groups into the mainstream of tourism, 2 Tourism Facilities have been established and co-operatives	Reports

IDP REF NO.	ONE YEAR INSTITUTIONAL SCORECARD 2016/17												MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
	Objective	Key Performance Indicator	BASELINE	Annual Targets 2016/17	Quarterly Targets				Actual Performance	Reason for Variance					
					Q1	Q2	Q3	Q4							
LED4	Ensure a fully functional LED Unit	LED4.1: Plan and budget for an effective LED Unit in place	Proposed organogram and job description for the unit submitted to HR	50% improvement on the functionality of the Unit	-	-	-	-	-	-	Target not met	This is solely dependent on Council and the availability of budget for filling of posts	More staff added as per submitted organogram		
LED5	Create job opportunities according to government programmes	LED5.1: No of jobs created in accordance with EPWP LED5.2: No of jobs created in accordance with CWP	430	500	0	430	430	430	430	500 recruitment of additional casuals	Target met			Reports	Reports

IDP REF NO.	ONE YEAR INSTITUTIONAL SCORECARD 2016/17															REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
	KPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT																	

MFVM1	Objective	Key Performance Indicator	Baseline	Annual Target 2016/17	Quarterly Targets				Target met	Draft revenue enhancement strategy in place	Reports
					Q1	Q2	Q3	Q4			
	Ensure financial viability of the municipality	MFVM1.1: Improved revenue mechanisms to be implemented according to Municipal systems Act and the Municipal Finance Management	Nil	100%	100%	100%	100%	100%	100%	Target met	Reports
		MFVM1.2: Supplementary valuation rolls, as prescribed by the Municipal Property Rates Act No 6 of 2004, on all improvements to properties, subdivisions and consolidations done in the financial year	Court Approved Valuation Roll	100%	100%	100%	100%	100%	100%	Target met	Supplementary valuation rolls Reports
		MFVM1.3: Measures put in place to obtain a credit rating by independent rating agency	Nil	-	-	-	-	-	Target not met	-	Reports
		MFVM1.4: % increase in revenue collection rate	89%	78%	78%	78%	78%	78%	Target exceeded	Service providers appointed and there is improvement in revenue generation	Reports
		MFVM1.5: % expenditure spent on approved budget	76%	80%	80%	80%	80%	80%	100% Target met	Reports submitted monthly and expenditure is over the 80%	Reports
		MFVM1.6: Compliance with budget preparation and budget related policies finalisation in accordance with the MFMA	1 Budget	100%	100%	100%	100%	100%	100% Target met	Compliance	Reports
		MFVM1.7: Number of in year budget performance reports as required by MFMA submitted on time	17 Reports	100%	100%	100%	100%	100%	100% Target met	Monthly and quarterly reports completed and submitted to the relevant stakeholders	Reports
		MFVM1.8: Compliant budget adjustment	1 Adjustment Budget	100%	100%	100%	100%	100%	100%	The adjustment	Reports
FINANCIAL MANAGEMENT SERVICES											MEGA

IDP REF NO.	Objective	ONE YEAR INSTITUTIONAL SCORECARD 2016/17 KPMG MUNGPAI NAGAL VILLAGE AND MANAGEMENT										RESPONSIBLE DEPARTMENT		
		Key Performance Indicator	BASELINE	Annual Targets 2016/17	Quarterly Targets	Quarterly Targets				Target met	Budget was approved as per legislation		Means of Verification	
						Q1	Q2	Q3	Q4					
		approved by council in terms of all legislated requirements by 28th February.												
		MFVM1.9: Positive cash flow management according to MFMA & its regulations maintained	12 Cash flow forecasts	100%	100%	100%	100%	100%	100%	100%	100%	Daily cash flow reports generated to manage cash flow	Reports	
		MFVM1.10: % Improvement in the implementation of Indigent Policy	10 500 properties	100%	100%	100%	100%	100%	100%	100%	100%	Additional casuals employed to register and ensure only indigents receive subsidy	Reports	
MFVM2	Ensure that the implementation of Supply Chain Management according to the SCM policy	MFVM2.1: Compliance with legislated SCM reporting requirement in line with SCM Policy and MFMA	Nil	100%	100%	100%	100%	100%	100%	100%	100%	Compliance	Reports	
		MFVM2.2: Standard Operating Procedures operationalised in accordance with SCM policy and legislation.	100%	100%	-	100%	100%	100%	100%	100%	100%		Standard Operating Procedures	
		MFVM2.3: Steps taken to mainstream the implementation of SCM according to the policy and good practice		100%	100%	100%	100%	100%	100%	100%	100%		Reports	
		MFVM2.4: Procurement Plans monitored in line with the SCM policy.		100%	-	100%	100%	100%	100%	100%	100%		Procurement Plans	
		MFVM2.5: % reduction of irregular expenditure related to procurement documentation in line with legislation and SCM policy		100%	100%	100%	100%	100%	100%	100%	100%	The municipality has reduced irregular expenditure compared to the previous	Reports	

IDP REF NO.	Objective	ONE YEAR INSTITUTIONAL SCORECARD 2016/17										REASON FOR VARIANCE	ACTUAL PERFORMANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT		
		1004 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT															
		Key Performance Indicator	Baseline	Annual Targets 2016/17	Quarterly Targets				Actual	Reason for Variance	Actual Performance					Means of Verification	Responsible Department
					Q1	Q2	Q3	Q4									
MFVM3	Ensure improved sound financial management.	MFVM3.1: Annual financial statements that are 100% compliant to GRAP standards as per gazette issued by National Treasury	1 Set of Financial Statements	100%	10%	20%	30%	50%	Target met	Compliance	Reports	FINANCIAL MANAGEMENT SERVICES					
		MFVM3.2: Measures in place to monitor and control fruitless and wasteful expenditure	1 Register	1	15%	15%	20%	50%	Target met	Fruitless and wasteful expenditure now managed by Creditors unit on a daily basis	Reports						
		MFVM3.3: % increase in the number of finance employees that are competent (SETA certification) on minimum competency levels as regulated.	4 Staff Members	4	-	-	-	4	Target met	BTO interns doing MFMA competency training	Reports						
MFVM4	Maintain and manage all municipal assets	MFVM4.1: % increased budget provision for asset repairs and maintenance.	0.50%	1%	-	-	-	1%	Target not met	This was not met once the budget was cut to minimize percentage increase in rates and tariffs	Reports	FINANCIAL MANAGEMENT SERVICES					
		MFVM4.2: Asset Management System with Fixed Asset Register in place as prescribed by GRAP and the MFMA	1 Asset Register that is GRAP compliant	100%	100%	100%	100%	100%	Target met	PWC was appointed and undertook asset verification	Reports Fixed Asset Register						
		MFVM4.3: % reduction of Stock losses		5%	0	0	0	5%	Target met		Reports						

IDP REF NO.	Objective	Key Performance Indicator	ONE YEAR INSTITUTIONAL SCORECARD 2016/17					Actual Performance	Reason for Variance	MEAN	RESPONSIBLE DEPARTMENT
			Q1	Q2	Q3	Q4					
GGPP1	Improve public participation and interaction	GGPP1.1: Coalition and Networking Strategy Implemented according to Implementation Plan	Nil	1	-	-	-	Target not met			Reports
		GGPP1.2: Communication Strategy and Communication Action Plan developed as prescribed in the Systems Act.	1	2	Reviewed Communication Action Plan R0.00			Target met	Communication Strategy and Action plan have been developed and approved by Council	Communication Strategy and Communication Action Plan	
		GGPP1.3: Corporate Image improved in line with the corporate branding manual	Nil	1	Corporate Branding R 60 000	0	0	Target met	Municipal offices, cars and employees have been branded with the available budget	Reports	
		GGPP1.4: Presidential Hotline complaints responded to within 48 hours	100%	100%	100%	100%	100%	Target met	All registered complaints are responded to within 48 hours	Reports	
		GGPP1.5: Petitions responded to within 3 days of receipt.	100%	100%	100%	100%	100%	Target met	The municipality even went further to establish a Petitions Committee over and above the Speaker and the Public Participation Manager	Reports	
		GGPP1.6: No. of public participation events facilitated	12	12	3	3	3	3	Target met	The co-ordinated effort between PPM, IDP, Communications and Directors	Reports Adverts Attendance Registers

ID/REF NO.	ONE YEAR INSTITUTIONAL SCORECARD 2016/17															MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
	Objective	Performance Indicator	Actual Performance	Annual Targets 2016/17	Quarterly Targets				Actual Performance	Reason for Variance							
					Q1	Q2	Q3	Q4									
GGPP2	Facilitate capacity development for Councillors	GGPP1.7: Formal intergovernmental relations arrangements in place	1	1	100%	100%	100%	100%		Target met	The municipality has an IGR Forum, Communications Forum and IDP/Budget Representative Forum to foster IGR.	resulted in even more public participation events	Reports	CORPORATE SERVICES			
		GGPP1.8: Feedback to communities provided as per applicable prescripts	56	60	15	15	15	15		Target met	There were 40 ward committee meeting spread across all wards, IDP/Budget meetings, Employment database consultation meeting and Council report back meetings	Reports and Newsletters					
		GGPP1.9 No. of functional Ward Committees	10	10	10	10	10	10		Target met	All 10 ward committees are fully functional	Reports					
GGPP2	Facilitate capacity development for Councillors	GGPP2.1: % of councillors capacitated	35%	10	-	10	-	10		Target met			Reports				
GGPP3		Promote good corporate governance	GGPP3.1: A draft strategic framework for corporate governance compliance in place GGPP3.2: Measures put in place for improved oversight	Nil	Draft Strategic Framework	Nil	Nil	Request for proposals	Develop a draft document		Draft Corporate Governance Framework	MPAC and Audit and Performance	Reports	OFFICE OF MUNICIPAL MANAGER			

IDP REF NO.	Objective	Key Performance Indicator	ONE YEAR INTERNAL SCORECARD 2016/17 K7A52 GOOD GOVERNANCE AND PUBLIC PARTICIPATION								MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			Actual Target 2016/17	Q1	Q2	Q3	Q4	Quantity Target	Actual Performance	Reason for Variance		
		role exercised by Council								Audit committees are functional		
		GGPP3.3: Audit (AG) Action Plan in place	Audit Action plan in place	N/A	Develop	Table the draft to AC and Council	Monitor and report on the action plan.	Target met	Audit Action Plan is in place and monitored accordingly	Audit (AG) Action Plan		
		GGPP3.4: Internal Audit three-year rolling strategic plan that is in line with MFMA & Standards for the professional practice of Internal Audit in place	Strategic Plan from the previous year	Nil	Nil	Draft the IAP for 2015/16 financial Period	Table the Internal Audit Plan to AC and Council	Target met	Internal Audit Plan is in place and implemented	IAP Reports Agendas Minutes		
		GGPP3.5: A Framework for Administrative Delegations of Authority in place as prescribed by the MSA	Nil	-	-	Draft Framework	Revised framework	Target met	Delegations register is in place	Framework for Administrative Delegations of Authority		CORPORATE SERVICES
		GGPP3.6: Roles and Responsibilities Framework in place	Nil	-	-	-	Reviewed roles and responsibilities	Target met		Roles and Responsibilities Framework		
		GGPP3.7: A Framework for Financial Delegations of Authority in place as prescribed by the MFMA	Nil	-	-	-	-	Target met		Framework for Financial Delegations of Authority		FINANCIAL MANAGEMENT SERVICES

CHAPTER 4

ORGANISATIONAL DEVELOPMENT

INTRODUCTION TO HUMAN RESOURCE SERVICES

Ndlambe Municipality employs approximately 486 people who currently account for more than 38% of the local municipality's overall budget. It should be understood that people are not only an organisation's most valuable assets, they are the organization. Without them nothing will happen. The staff should be seen and treated as the organisation's customers-it therefore becomes the duty of the municipality to work towards making them successful.

Critical to people management is management of their performance through not only goal setting but also regular performance reviews. Of importance in Human Resource Management is the investment in the training of staff-the more staff know the more value will the municipality be able to add to its customers. The municipality needs to move away from the culture of non-recognition of effort and develop measures and systems to reward achievement and celebrate success.

Lastly the municipality through the Human Resources has to develop mechanisms to measure staff satisfaction, absenteeism and staff turnover so as to ensure that the people management process is working optimally. The effective and strategic management of human resources therefore becomes the cornerstone of the wider transformation of the local public service.

To survive and to remain a key player in sustainable development the municipality thus has to develop measures that will ensure a strategic human resource management approach.

Employees: Human Resources Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Sec 56	1	1	1	0	0
Task Grade 16 - 10	3	1	2	1	

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	31	33	31	2	
Waste water (sanitation)	32	35	32	3	
Electricity	3	3	3	0	
Waste Management	65	66	65	1	
Housing	11	14	11	2	

Waste Water (stormwater drainage)	18	18	18	0	
Roads	69	72	69	3	
Transport	0	0	0	0	
Planning	3	3	3	0	
Local Economic Development	4	6	10	2	
Planning (strategic and Regulatory)	0	0	0	0	
Community and Social Services	57	60	57	3	
Environmental Protection / Health	3	3	3	0	
Sport and Recreation	1	1	1	0	
Corporate Policy Offices and Other	189	200	189	11	
Totals	486				

Vacancy Rate: Year 0			
Designations	Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Post)	3	0	0
Other S57 Managers (Finance Post)	0	0	0
Fire Fighters	12	0	0
Senior Management levels 13 – 15 (excluding Finance Post)	10	2	
Senior Management levels 13 – 15 (Finance Post)	3	0	0
Highly skilled supervision: levels 9 – 12 (excluding Finance posts)	15	0	0
Highly skilled supervision: levels 9 -12 (finance posts)	2	0	0

COMMENT ON VACANCIES AND TURNOVER:

Most of the terminations during the financial year were due to resignations, deaths, retirements and dismissals.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Council has reviewed and adopted policies including the new ones. The process of policy development is ongoing as the needs may arise with time. It must be noted that the engagement process in consultation with labour at the Local Labour Forum and with the working session with the Councillors in policy development has led to the final adoption of the policies.

The next phase in the policy development is now to workshop staff in all administrative units and consolidate such into municipal employee handbook.

4.2 POLICIES

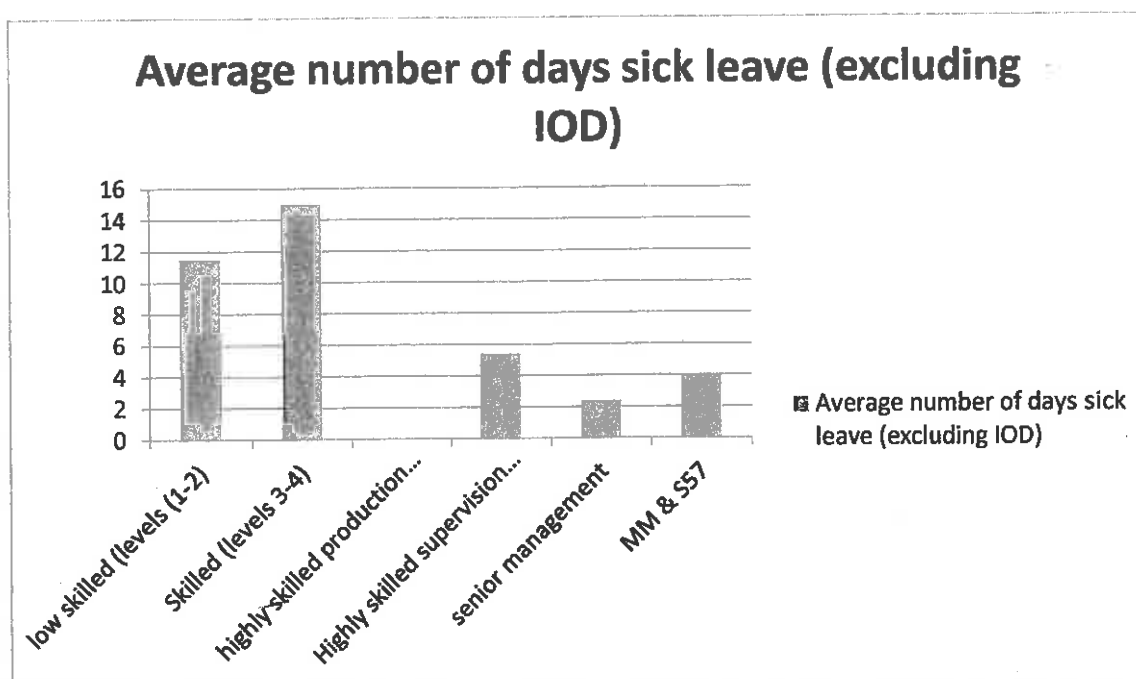
HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Relocation Policy	100		Adopted 27/05/2016
2	Casuals and Contract Workers	100		Adopted 27/05/2016
3	Smoking Policy	100		Adopted 27/05/2016
4	Retention and Scarce Skills Policy	100		Adopted 27/05/2016
5	Recruitment and Selection Policy	100		Adopted 27/05/2016
6	Grievance Policy	100		Adopted 27/05/2016
7	Chronic Illness Policy	100		Adopted 27/05/2016
8	HIV/AIDS Policy	100		Adopted 16/03/2015
9	Human Resources Plan			Adopted 16 /03/2015
10	Study and Capacity Building Policy	100		Adopted 27/05/2016

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of Injury	Injury level taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average injury leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0 %	0	00.00
Temporary total					

disablement	0	0	0 %	0	00.00
Permanent disablement	0	0	0 %	0	00.00
Total	0	0	0 %	0	00.00

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post*	*Average sick leave per employees	Estimated cost R'000
Lower skilled (levels 1-2)	2990.5	6.7 %	134	166		00.00
skilled (levels 3-5)	623	3 %	33	279		00.00
Highly Skilled supervision (levels 9 - 12)	1862	3.7 %	75	41		00.00
Senior Management (levels 13 – 15)	67	0%	11	18		00.00
MM and S57	17	0%	1	5		00.00
Total						00.00
* - Number of employees in post at the beginning of the year Salary band						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						



COMMENT ON INJURY AND SICK LEAVE:

The use of injury on duty leave has been low as the injuries sustained during the year were not gross in nature. On the other hand the use of sick leave has proven to be high. There are various reasons to this and they could be ill-health as there are

chronic illnesses and also the abuse of sick leave. However, with the recent adoption of the leave policy, it is expected that abuse of leave to be managed more effectively.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality recognises the investment in human capital through capacitation of staff. Annually the Workplace Skills Plan is developed and submitted to the Local Government Seta. The plan contains the capacity building programmes for its Councillors and workforce

Financial Competency Development: Progress Report*

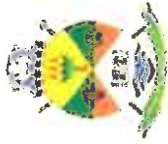
Description	A. Total Number of officials employed by municipality (Regulations 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials						
Accounting Officer	1		1	1	1	1
Chief Financial Officer	1		1	1	1	1
Senior Managers	4		4	4	4	4
Any other Officials	10					
Supply Chain Management Officials	1					
Heads of supply chain management units	1					
Supply chain management senior managers	0					
Total	17		6	5	6	6

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The expenditure on skills development is prioritised according to the needs of the organisation in order to enhance service delivery. All the Head of Departments have attended the financial competency regulations. The municipality also invests on its employees through formal education.

ANNEXURE A

ORGANISATIONAL STRUCTURE



NDLAMBE LOCAL MUNICIPALITY EC 105

ORGANISATIONAL STRUCTURE

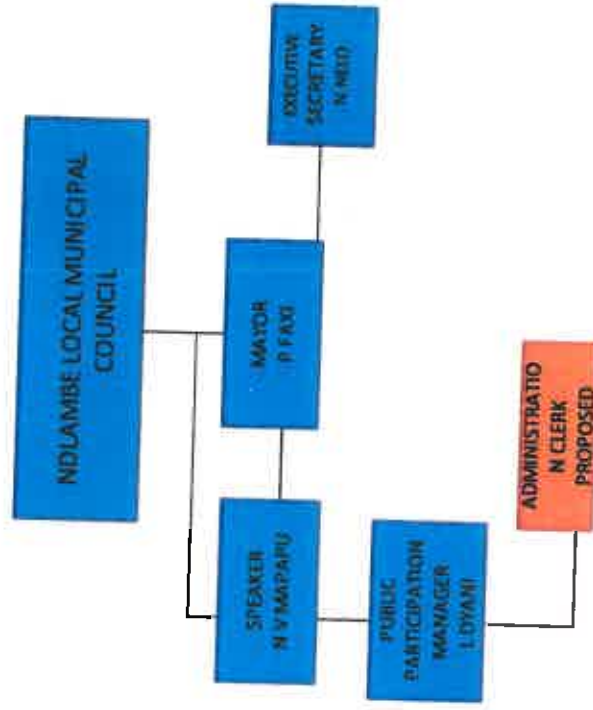
OFFICE OF THE MAYOR AND
SPEAKER

FILLED

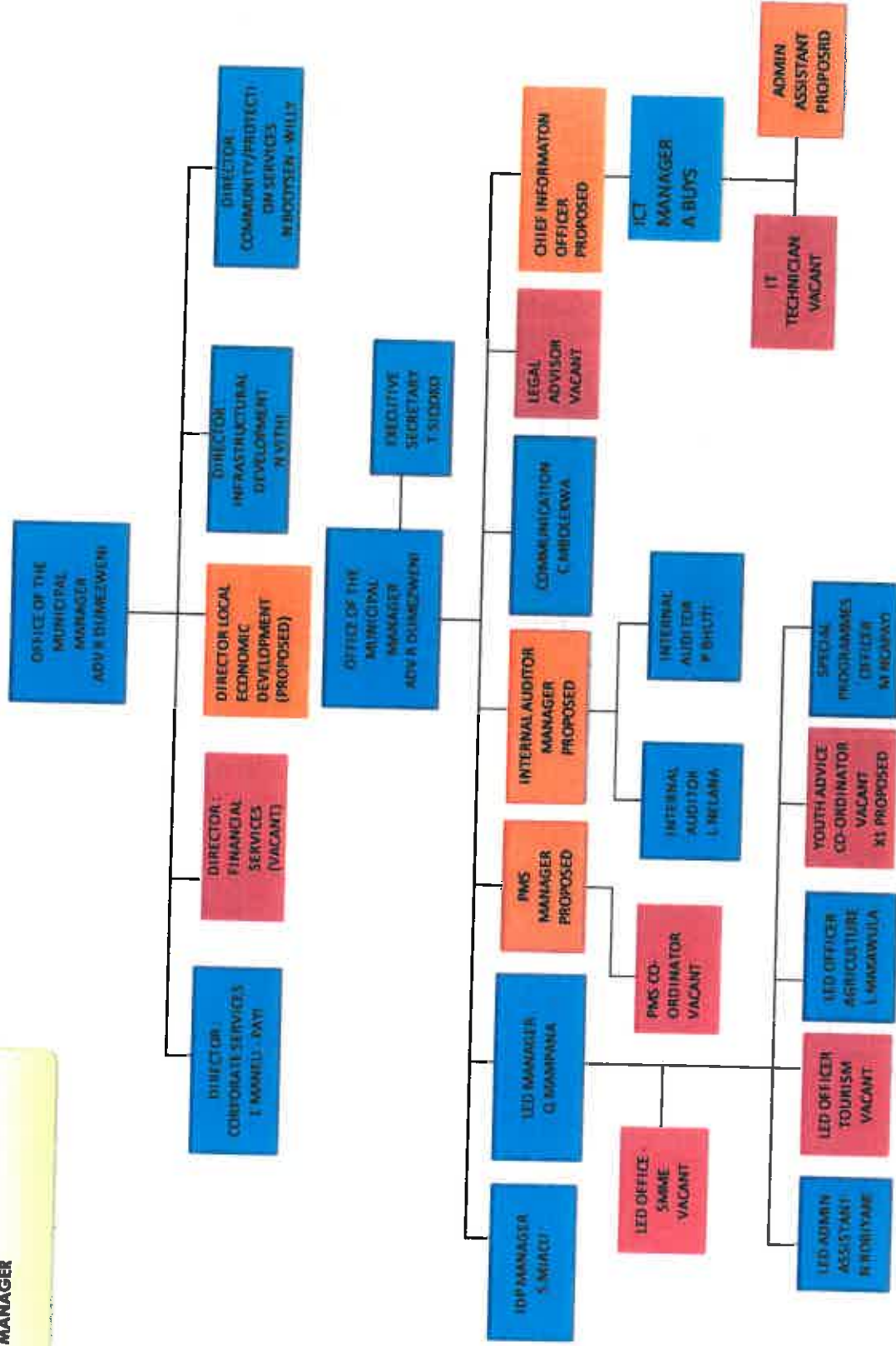
PROPOSE

VACANT

FROZEN



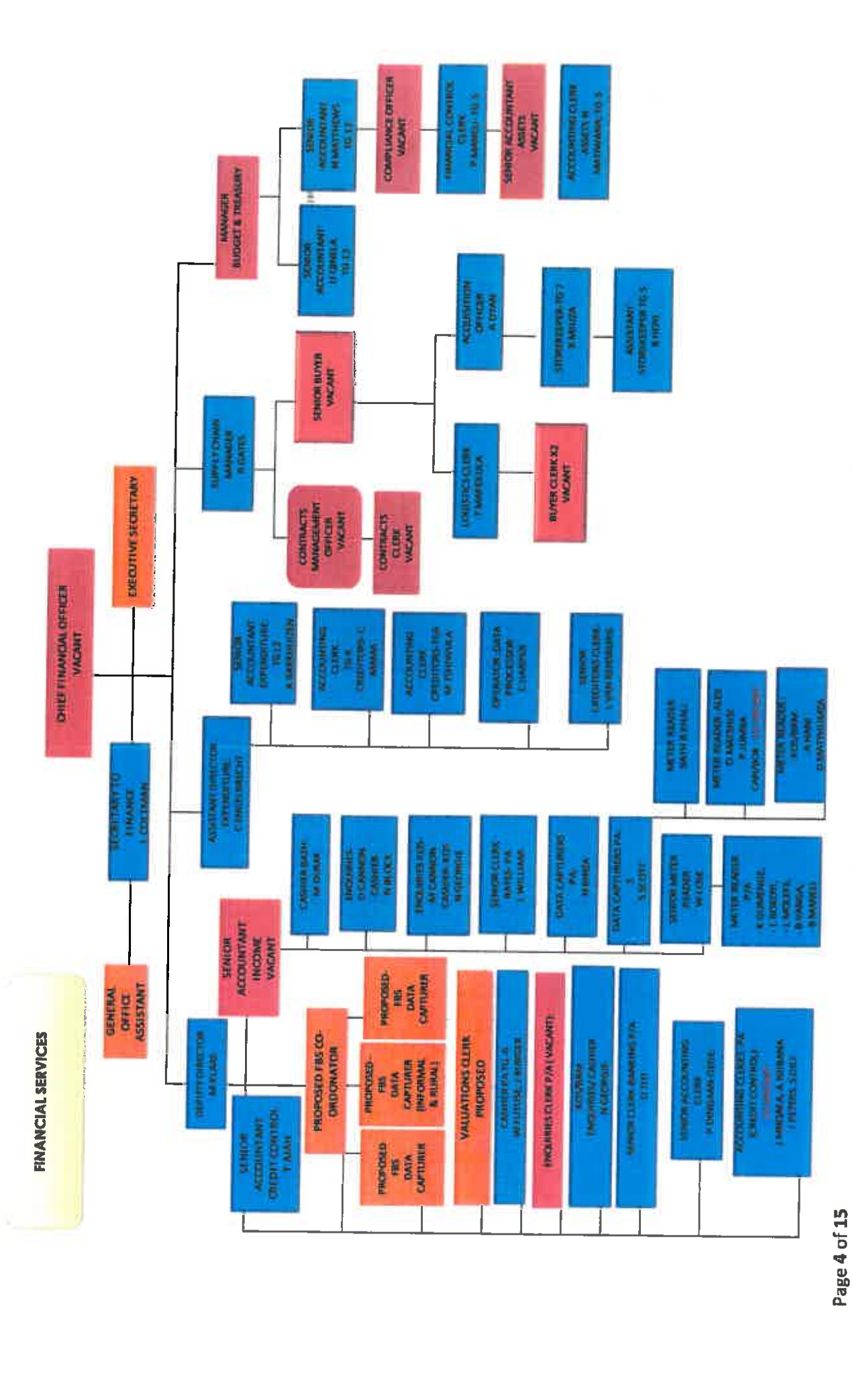
OFFICE OF THE MUNICIPAL MANAGER



**HUMAN RESOURCES MANAGEMENT,
COMMITTEE SUPPORT, REGISTRY AND
LIBRARY SERVICES**



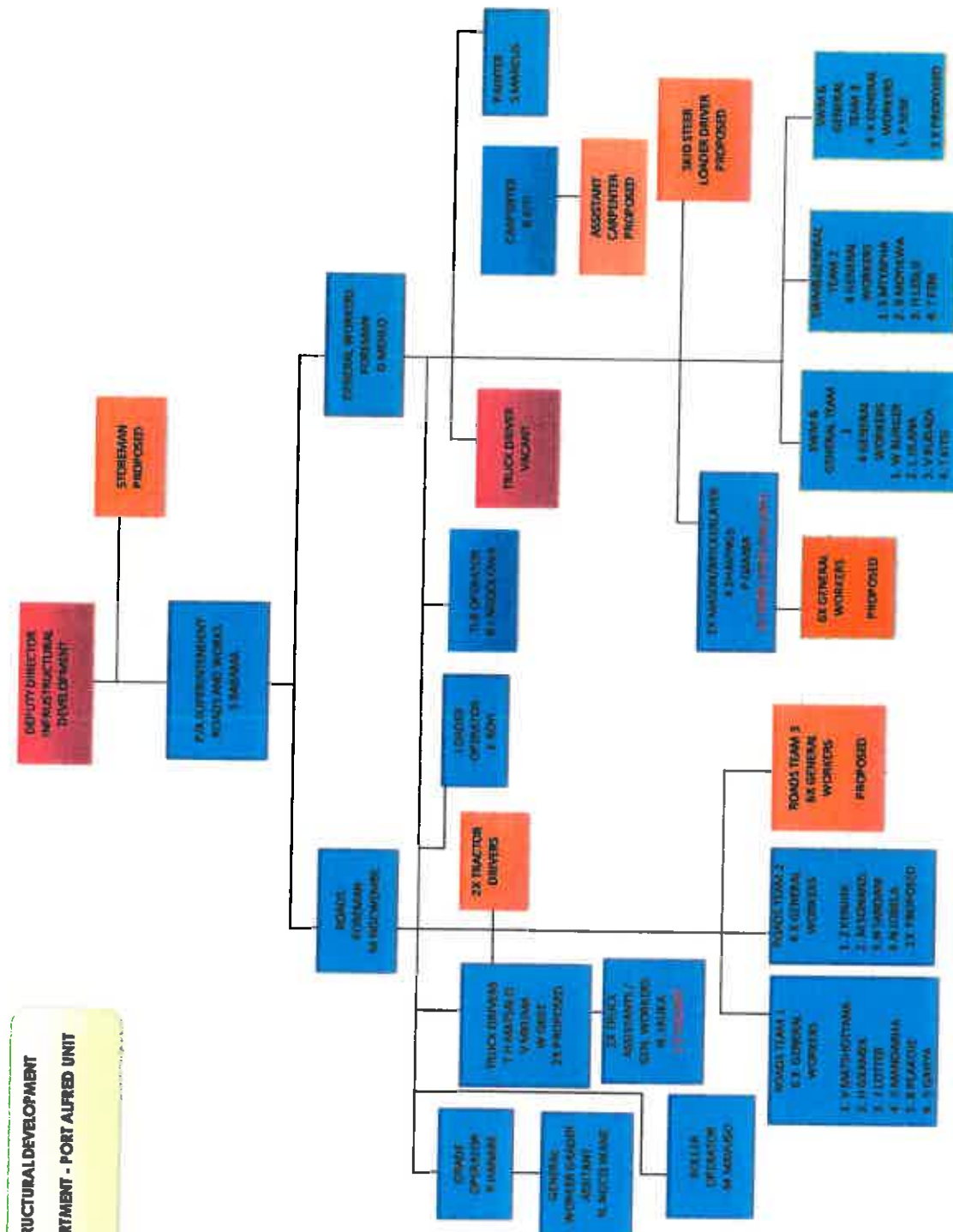
FINANCIAL SERVICES







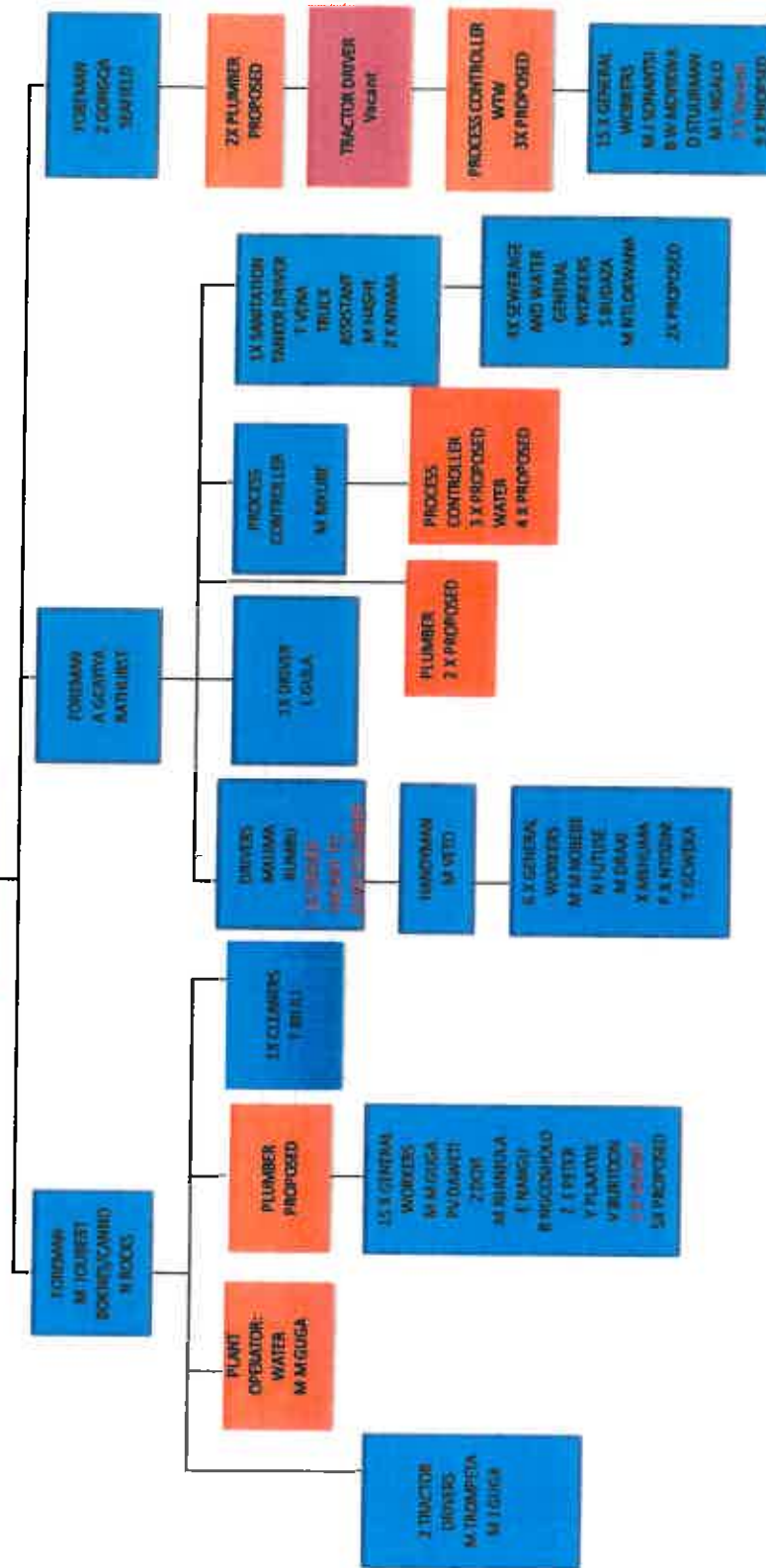
INFRASTRUCTURAL DEVELOPMENT
ROAD DEPARTMENT - PORT ALFRED UNIT



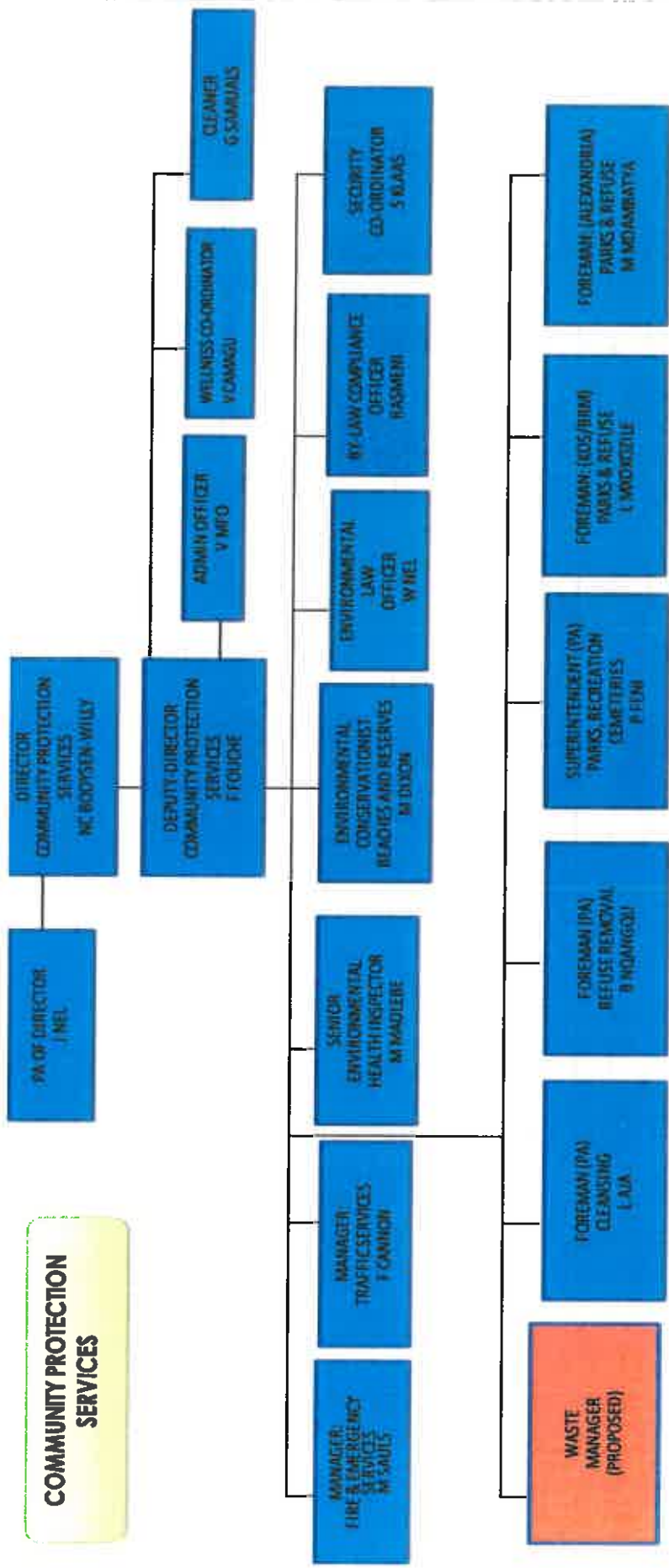
INFRASTRUCTURAL DEVELOPMENT

ROADS AND GENERAL WORKS - SEAFIELD,
CANNON ROCKS AND BATHURST UNITS

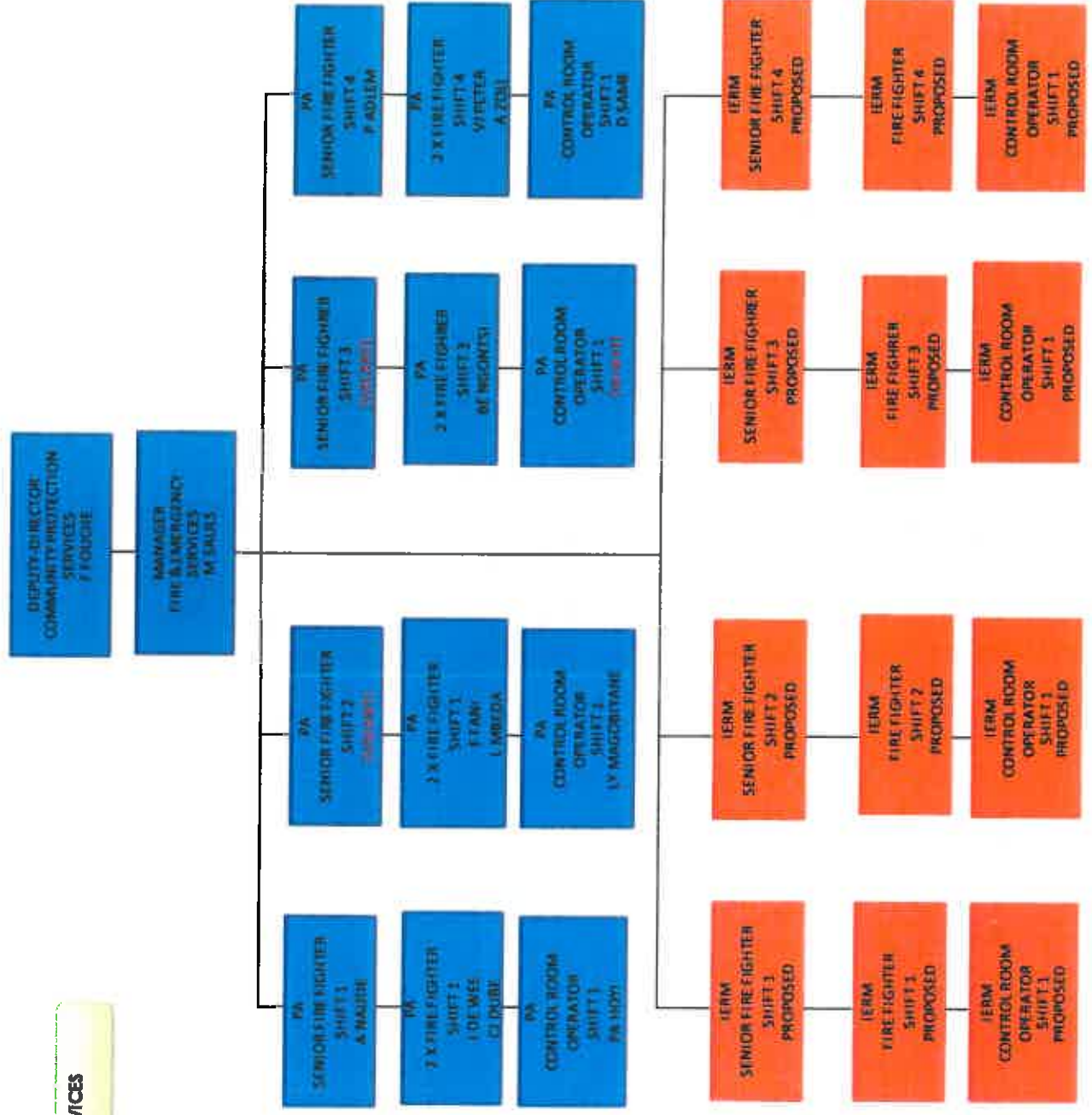
DEPUTY DIRECTOR
INFRASTRUCTURAL
DEVELOPMENT



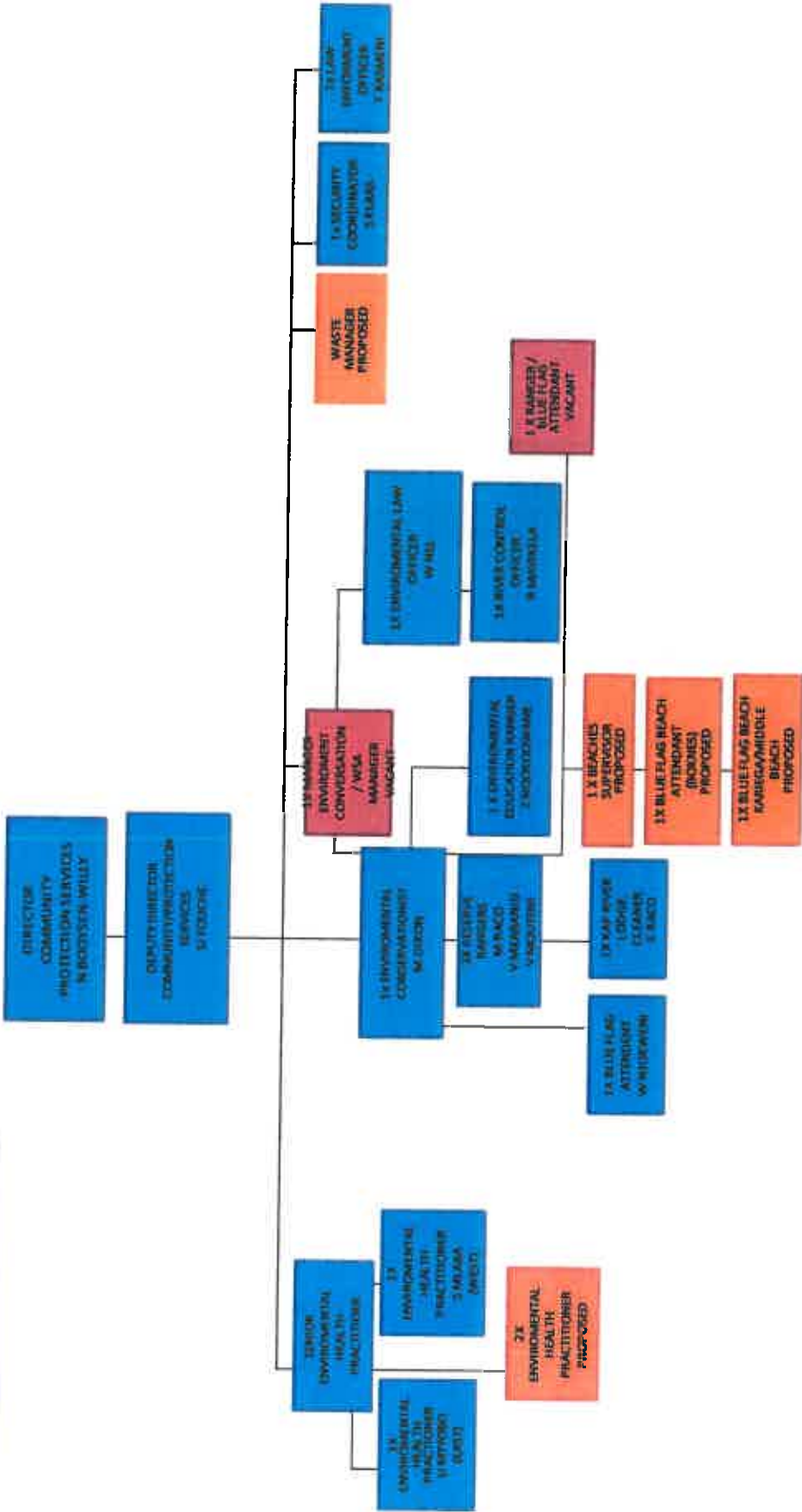
[illegible]



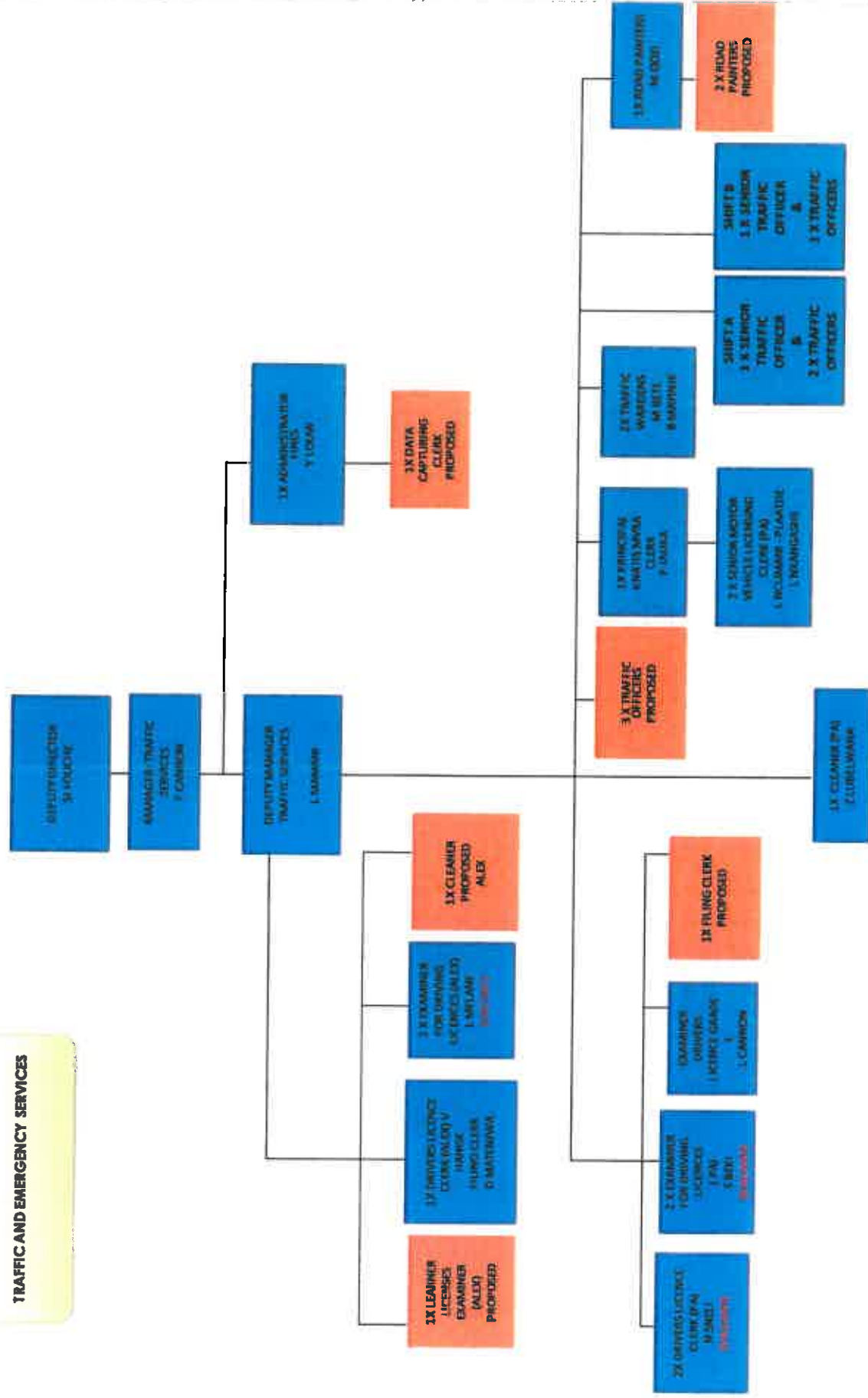
FIRE & EMERGENCY SERVICES



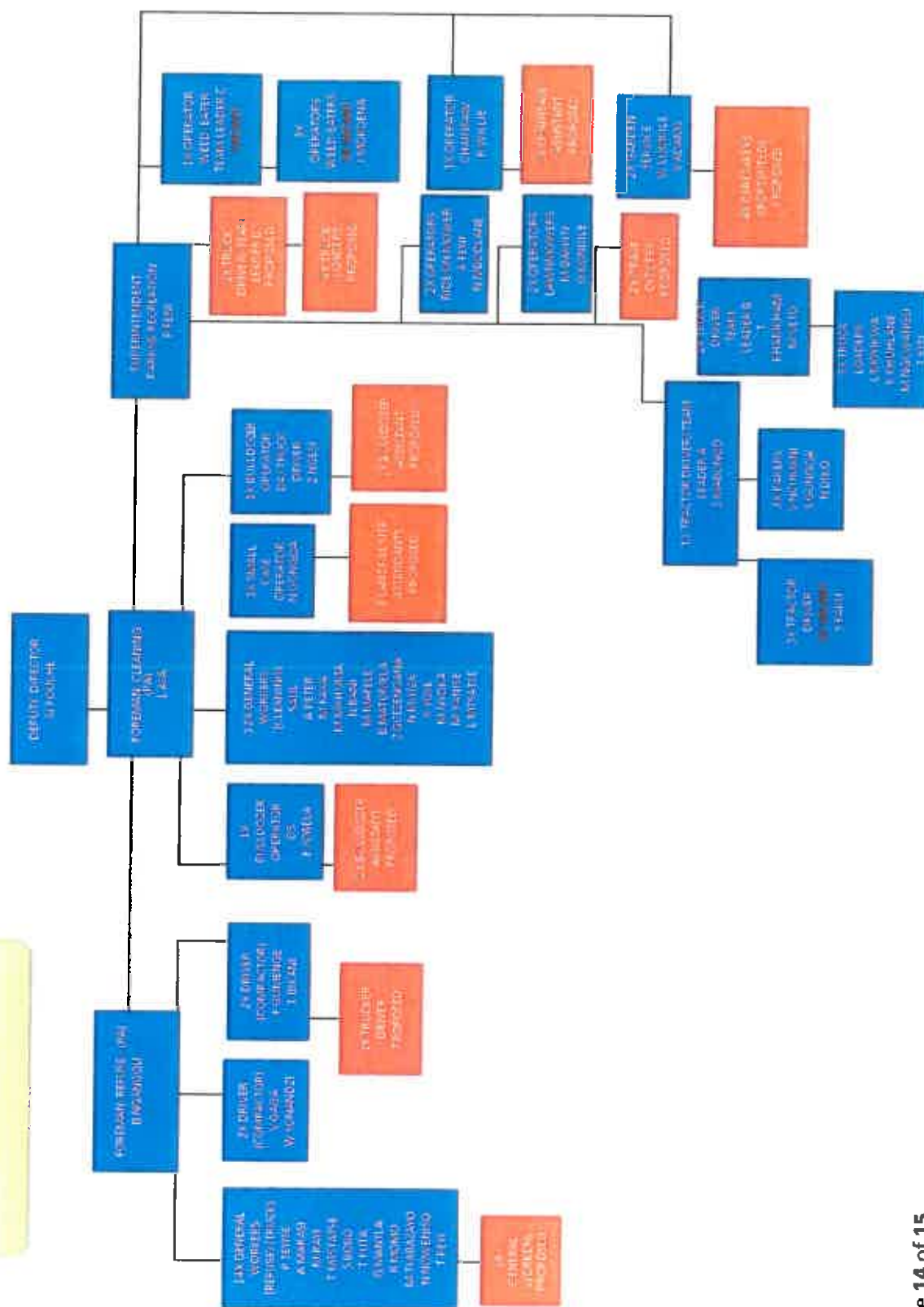
**ENVIRONMENTAL HEALTH
ENVIRONMENTAL CONSERVATION
BY-LAW COMPLIANCE
SECURITY COORDINATOR
WASTE MANAGER**



TRAFFIC AND EMERGENCY SERVICES

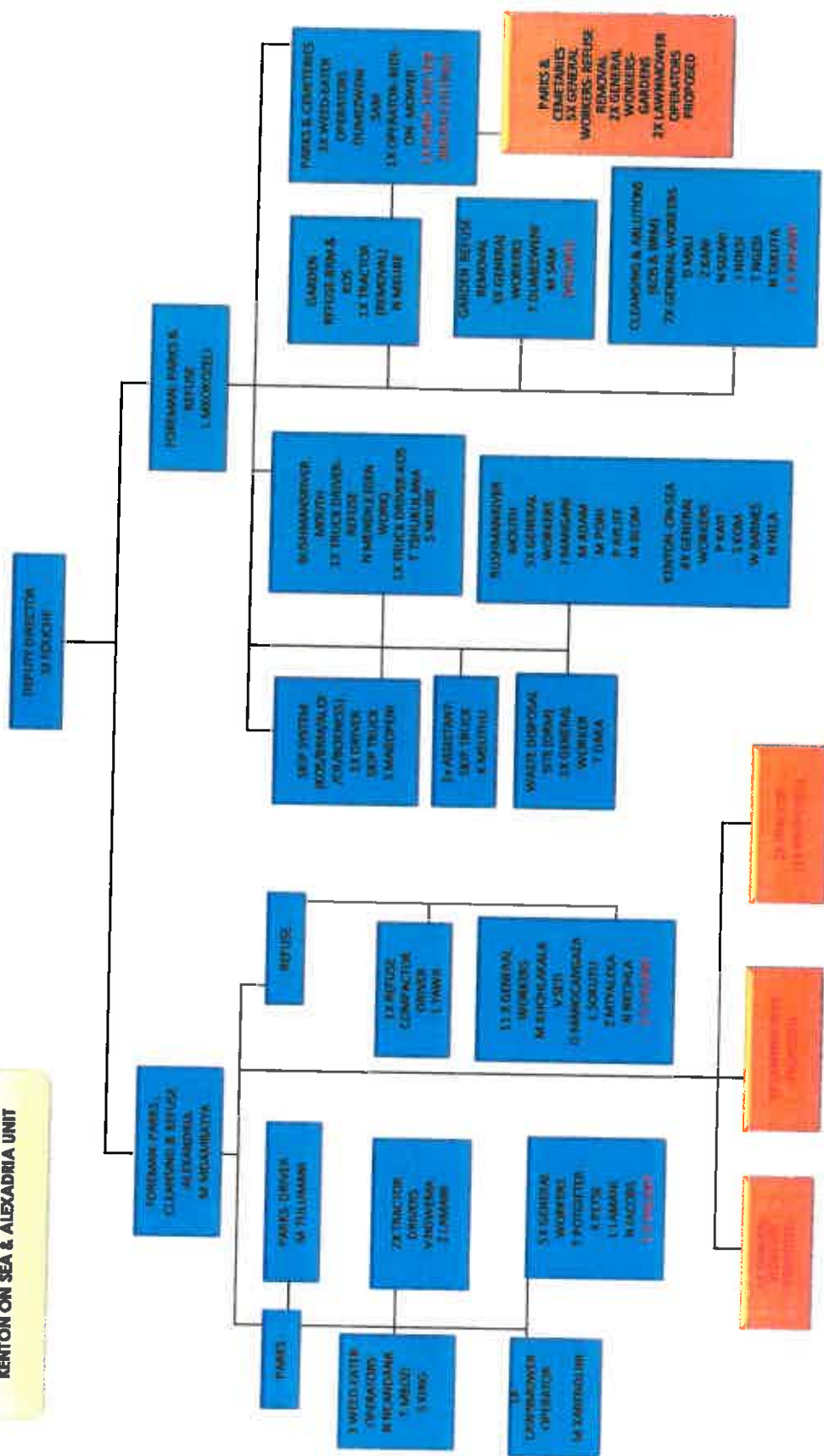


PORT ALFRED UNIT



PARKS, REFUSE AND CLEANSING

KENTON ON SEA & ALEXADRIA UNIT



ANNEXURE B

AUDIT ANNUAL FINANCIAL STATEMENTS 2016/2017



NDLAMBE LOCAL MUNICIPALITY
Audited Annual Financial Statements
for the year ended 30 June 2017

AUDITOR - GENERAL
SOUTH AFRICA

30 NOV 2017

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity

Ndlambe Municipality (EC 105) is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

Nature of business and principal activities

Local Government

Mayoral committee

As at year end

Executive Mayor

Councillor PP Faxi

Speaker

Councillor NV Maphaphu

Executive Councillors

Councillor T Mazana - Infrastructure Portfolio

Councillor N Xhasa - Community Protection Portfolio

Councillor LR Schenk - Finance and Corporate Services Portfolio

Councillors

Councillor TM Mbunge

Councillor N Ngamiashe

Councillor A Ngqosha

Councillor CB James

Councillor AL Merasi

Councillor M Raco

Councillor JP Guest

Councillor MW Yali

Councillor ME Njibana

Councillor M Mateti

Councillor K Daweti

Councillor PY Kani

Councillor GG Cannon - (deceased)

Councillor L Shahzad

Councillor S Venene

Councillor TD Mbekela

Accounting Officer

R Dumezweni

Business address

47 Campbell Street

Port Alfred

6170

Postal address

P O Box 13

Port Alfred

6170

Bankers

First National Bank

Auditors

Auditor General

Jurisdiction

The Ndlambe Local Municipality includes the following areas:

Port Alfred

Bathurst

Alexandria

Kenton-on-Sea

Cannon - Rocks

AUDITOR - GENERAL
SOUTH AFRICA

30 NOV 2017

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Index

The reports and statements set out below comprise the audited annual financial statements presented to the provincial legislature:

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Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8
Accounting Policies	9 - 39
Notes to the Audited Annual Financial Statements	40 - 83

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
FMG	Finance Management Grant



Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and was given unrestricted access to all financial records and related data.

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The audited annual financial statements set out on pages 4 to 83, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017 and were signed on its behalf by:

R Dumezweni
Accounting Officer

AUDITOR - GENERAL
SOUTH AFRICA

30 NOV 2017

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand

	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Inventories	3	542 607	724 378
Receivables from non-exchange transactions	4	16 075 795	12 740 416
Receivables from exchange transactions	5	20 970 597	20 799 126
Cash and cash equivalents	6	48 847 085	31 355 566
Operating lease asset	7	315 334	354 437
		86 751 418	65 973 923
Non-Current Assets			
Investment property	8	187 608 291	189 464 492
Property, plant and equipment	9	601 833 033	597 714 896
Intangible assets	10	2 319 806	300 736
Heritage assets	11	16	16
Other financial assets	12	119 181	141 525
		791 880 327	787 621 665
Total Assets		878 631 745	853 595 588
Liabilities			
Current Liabilities			
Consumer deposits	14	1 883 801	1 749 301
Payables from exchange transactions	15	41 429 624	45 791 321
Unspent conditional grants and receipts	16	14 929 360	6 423 625
VAT payable	17	4 584 121	5 608 242
Financial liabilities - DBSA	18	1 728 229	1 990 300
Operating lease liability	7	73 649	55 134
Employee benefit obligation	19	1 991 381	1 815 300
Provisions	20	11 808 490	11 089 223
		78 428 655	74 522 446
Non-Current Liabilities			
Financial liabilities - DBSA	18	12 186 579	13 891 090
Employee benefit obligation	19	58 832 239	59 033 541
Provisions	20	23 456 722	20 315 910
		94 475 540	93 240 541
Total Liabilities		172 904 195	167 762 987
Net Assets		705 727 550	685 832 601
Accumulated surplus		705 727 549	685 832 601

AUDITOR - GENERAL
SOUTH AFRICA

30 NOV 2017

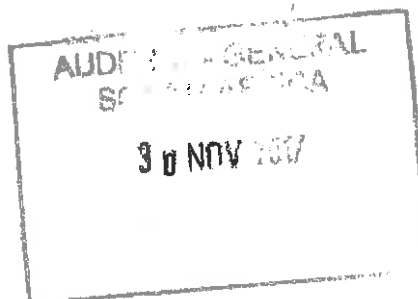
* See Note 46

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	111 487 289	101 336 787
Rendering of services		221 306	215 266
Rental of facilities and equipment		719 955	773 841
Licences and permits		3 812 172	4 023 419
Rental income			2 464
Housing debtor income		773 119	493 801
Other income	24	2 657 468	2 710 360
Interest received - investment	26	3 085 525	2 068 403
Interest received - trade and other receivables		6 728 717	6 501 972
Total revenue from exchange transactions		129 485 551	118 126 293
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	83 109 186	76 535 933
Transfer revenue			
Government grants & subsidies	23	130 467 350	116 603 684
Contributions and donations	25	2 863 247	
Fines, Penalties and Forfeits		470 290	455 795
Total revenue from non-exchange transactions		216 910 073	193 595 412
Total revenue	27	346 395 624	311 721 705
Expenditure			
Employee related costs	28	(118 877 348)	(122 051 164)
Remuneration of councillors	29	(6 050 938)	(5 959 606)
Depreciation and amortisation	30	(36 510 210)	(36 292 326)
Impairment loss/ Reversal of impairments		(684 962)	
Finance costs	31	(1 694 965)	(2 011 577)
Lease rentals on operating lease		(2 050 916)	(2 811 784)
Debt Impairment	32	(22 147 729)	(15 053 182)
Repairs and maintenance		(14 241 469)	(13 045 222)
Bulk purchases	34	(52 741 887)	(50 510 103)
Contracted services		(17 910 322)	(18 156 514)
Renewable Energy Programmes		(3 801 752)	(3 876 115)
Transfers and Subsidies	35	(936 097)	(830 173)
General Expenses	36	(43 667 815)	(43 873 227)
Total expenditure		(321 316 410)	(314 270 993)
Operating surplus (deficit)		25 079 214	(2 549 288)
Loss on disposal of assets and liabilities		(2 022 928)	(1 358 954)
Fair value adjustments	37	(3 161 342)	(7 241 569)
		(5 184 270)	(8 600 523)
Surplus (deficit) for the year		19 894 944	(11 149 811)



* See Note 46

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand		Accumulated surplus	Total net assets
Opening balance as previously reported		699 315 822	699 315 822
Adjustments			
Correction of errors	46	(2 333 410)	(2 333 410)
Balance at 01 July 2015 as restated*		696 982 412	696 982 412
Changes in net assets			
Surplus for the year		(11 149 811)	(11 149 811)
Total changes		(11 149 811)	(11 149 811)
Restated* Balance at 01 July 2016		685 832 605	685 832 605
Changes in net assets			
Surplus for the year		19 894 944	19 894 944
Total changes		19 894 944	19 894 944
Balance at 30 June 2017		705 727 549	705 727 549

Note(s)



* See Note 46

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Rates and services		172 671 241	165 768 648
Government Grants and Subsidies		130 467 350	116 603 684
Interest income		9 814 242	8 570 375
Other receipts		3 900 877	3 659 956
		<u>316 853 710</u>	<u>294 602 663</u>
Payments			
Employee costs		(124 928 287)	(128 010 771)
Suppliers		(130 135 475)	(127 300 923)
Finance costs		(1 694 965)	(2 011 577)
		<u>(256 758 727)</u>	<u>(257 323 271)</u>
Net cash flows from operating activities	38	<u>60 094 983</u>	<u>37 279 392</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(38 102 182)	(30 746 090)
Purchase of other intangible assets	10	(2 534 700)	(5 248)
Net cash flows from investing activities		<u>(40 636 882)</u>	<u>(30 751 338)</u>
Cash flows from financing activities			
Repayment of financial liabilities - DBSA		(1 966 579)	(3 893 361)
Net cash flows from financing activities		<u>(1 966 579)</u>	<u>(3 893 361)</u>
Net increase/(decrease) in cash and cash equivalents		<u>17 491 522</u>	<u>2 634 693</u>
Cash and cash equivalents at the beginning of the year		<u>31 355 566</u>	<u>28 720 873</u>
Cash and cash equivalents at the end of the year	6	<u>48 847 088</u>	<u>31 355 566</u>

AUDITOR - GENERAL
SOUTH AFRICA

30 NOV 2017

* See Note 46

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference - final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--------------------------------------	-----------

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	108 475 838	(2 648 482)	105 827 356	111 487 289	5 659 933	48.1
Rendering of services	247 316	-	247 316	221 306	(26 010)	48.2
Rental of facilities and equipment	1 308 706	-	1 308 706	719 955	(588 751)	48.3
Licences and permits	3 665 443	-	3 665 443	3 812 172	146 729	48.4
Rental income	6 026	-	6 026	-	(6 026)	48.5
Housing debtor income	3 211 146	-	3 211 146	773 119	(2 438 027)	48.3
Other income	(124 899)	2 868 102	2 743 203	2 657 488	(85 736)	48.6
Interest received - Investment	625 818	-	625 818	3 085 525	2 459 707	48.7
Interest-trade&other receivables	6 822 443	-	6 822 443	6 728 717	(93 726)	48.7
Total revenue from exchange transactions	124 237 837	219 620	124 457 457	129 485 551	5 028 094	

Revenue from non-exchange transactions

Taxation revenue

Property rates	94 617 170	-	94 617 170	83 109 188	(11 507 984)	48.8
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Transfer revenue

Government grants & subsidies	134 253 929	11 602 429	145 856 358	130 467 350	(15 389 008)	48.9
Contributions and donations	-	-	-	2 863 247	2 863 247	48.10
Fines, Penalties and Forfeits	368 600	-	368 600	470 290	101 690	48.11

Total revenue from non-exchange transactions	229 239 699	11 602 429	240 842 128	216 910 073	(23 932 055)	
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Total revenue	353 477 536	11 822 049	365 299 585	346 395 624	(18 903 961)	
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Expenditure

Personnel	(116 060 544)	(4 998 647)	(121 059 191)	(118 877 348)	2 181 843	48.12
Remuneration of councillors	(5 965 886)	-	(5 965 886)	(6 050 938)	(85 052)	48.13
Alternative energy programmes	(1 979 342)	-	(1 979 342)	(3 801 752)	(1 822 410)	48.14
Depreciation and amortisation	(4 640 998)	-	(4 640 998)	(36 510 210)	(31 869 212)	48.15
Impairment loss/ Reversal of impairments	-	-	-	(684 962)	(684 962)	48.16
Finance costs	(1 952 090)	-	(1 952 090)	(1 694 865)	257 125	48.17
Lease rentals on operating lease	(3 357 488)	308 000	(3 049 488)	(2 050 916)	998 572	48.18
Debt Impairment	(14 351 089)	-	(14 351 089)	(22 147 729)	(7 796 640)	48.19
Repairs and maintenance	(34 037 719)	4 839 370	(29 198 349)	(14 241 469)	14 956 880	48.20
Bulk purchases	(58 567 286)	10 000	(58 557 286)	(52 741 887)	5 815 399	48.21
Contracted Services	(18 754 986)	(310 541)	(19 065 527)	(17 910 322)	1 155 205	48.22
Transfers and Subsidies	(1 167 250)	250 000	(917 250)	(936 097)	(18 847)	48.23
General Expenses	(57 758 639)	(174 617)	(57 933 256)	(43 667 815)	14 265 441	48.24
Total expenditure	(318 593 317)	(76 435)	(318 669 752)	(321 316 410)	(2 646 658)	

Loss on disposal of assets	167 780	-	167 780	(2 022 928)	(2 190 708)	48.25
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Fair value adjustments	6 067	-	6 067	(3 161 342)	(3 167 409)	48.26
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	35 058 066	11 745 614	46 803 680	19 894 944	(26 908 736)	
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Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency & rounding

These audited annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

Amounts are rounded to the nearest Rand.

1.2 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

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1.3 Significant Judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.



Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item
Property - land
Property - buildings

Useful life
indefinite
30 years

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1.4 Investment property (continued)

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the audited annual financial statements (see note).

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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Accounting Policies

1.5 Property, plant and equipment (continued)

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	50 Years
Plant and machinery	Straight line	15 Years
Motor vehicles	Straight line	5 - 15 Years
Office equipment	Straight line	3 - 5 Years
IT equipment	Straight line	3 - 5 Years
Community	Straight line	10 - 30 Years
Electricity Network	Straight line	20 - 30 Years
Roads	Straight line	20 Years
Wastewater network	Straight line	20 Years
Water network	Straight line	20 Years

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Accounting Policies

1.5 Property, plant and equipment (continued)

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

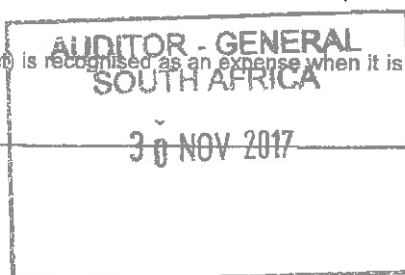
An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.



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Accounting Policies

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1.6 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 Years

1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the audited annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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Accounting Policies

1.7 Heritage assets (continued)

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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1.8 Financial Instruments (continued)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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1.8 Financial Instruments (continued)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Receivables from exchange transactions
Receivables from non-exchange transactions
Cash and cash equivalents (funds and call accounts)
Cash and cash equivalents (notice accounts)
Other financial assets

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Payables
DBSA Loan



Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost

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1.8 Financial Instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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1.8 Financial Instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.8 Financial Instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

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1.10 Inventories (continued)

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.



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1.11 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

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1.11 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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1.12 Impairment of non-cash-generating assets (continued)

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.12 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.13 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.



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1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the audited annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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1.13 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

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1.14 Provisions and contingencies (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

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1.14 Provisions and contingencies (continued)

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

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1.15 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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1.16 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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1.16 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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1.22 Irregular expenditure (continued)

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016/07/01 to 2017/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Ndlambe Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.25 Events after reporting date (continued)

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of the financial period the municipality determined commitments in respect of capital expenditure in terms of GRAP 17 that has been approved and contracted for.

1.27 Material losses (Water and Electricity)

Water and electricity losses are required to be disclosed as part of the material loss disclosure of the MFMA Section 125. Losses are calculated on the following basis -

Nr of units of lost supply, being the difference between what was supplied and what has been sold at the per unit tariff rate.

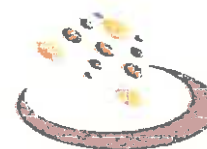
The unit tariff rate, in the case of electricity being the lower rate of Kwh as charged per council and the case of water the lowest rate per KI (incl VAT).

AUDITOR - GENERAL
SOUTH AFRICA

30 NOV 2017

ANNEXURE C

AUDITOR GENERAL SA AUDIT REPORT 2016/2017



AUDITOR - GENERAL
SOUTH AFRICA

The Municipal Manager
Ndlambe Local Municipality
Civic Centre
Causeway Road
Port Alfred
6170

30 November 2017

Reference: 21296REG1617

Dear Sir

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Ndlambe municipality for the year ended 30 June 2017

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature Auditor-General in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in

the hard copy that is provided to you. The official logo will be made available to you in electronic format.

6. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



Acting Senior Manager: Eastern Cape Business Unit

Enquiries: Phumeza Mbikili
Telephone: (043) 709 7300
Fax: (043) 709 7200



ALUMNI OF AFRICA
SOUTH AFRICA

Ndlambe Municipality

Audit Report

100% (100% of the total population)

100% (100% of the total population)

Qualified opinion

1. I have audited the financial statements of the Ndlambe Municipality set out on pages... to ..., which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ndlambe Municipality as at 30 June 2017, and financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 01 of 2015) (DoRA).

Basis for qualified opinion

Irregular expenditure

3. The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year, as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 43 to the financial statements is understated as a result of the poor systems. Due to the lack of systems, it was impracticable for me to determine the full extent of the understatement of irregular expenditure disclosed. Consequently, I was unable to determine the adjustments to the current and prior year irregular expenditure of R368.6 million (2016:R284.6 million).

Receivables

4. I was unable to obtain sufficient appropriate audit evidence for the impairment allowance disclosed in notes 4 and 5 to the financial statements due to non-availability of the estimates and assumptions used in the computation of the impairment allowance. I was unable to confirm the appropriateness of the impairment allowance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the exchange and non-exchange transactions stated at R21 million and R16 million respectively in the financial statements and the debt impairment of R22 million as disclosed in the statement of financial performance.

Context for the opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). ~~My responsibilities under those standards are further described in the auditor-general's~~ responsibilities for the audit of the financial statements section of this report.

6. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material losses

9. As disclosed in note 50 to the financial statements, material electricity losses of R5,6 million (2016: R6,8 million) was incurred, which represents 13,25% (2016: R17,24%) of total electricity purchased. The losses were due to meter reading losses and faulty underground infrastructure.
10. As disclosed in note 50 to the financial statements, material water losses to the amount of R12 million (2016: R15 million) was incurred, which represents 34,4% (2016: 40,4%) of total water purchased. The losses were due to meter reading inefficiencies and faulty meters.

Restatements of corresponding figures

11. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered by management during 2017 in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Unauthorised expenditure

12. As disclosed in note 42 to the financial statements, unauthorised expenditure of R97.6 million was incurred due to overspending of the operational and capital budget at vote level.

Other matters

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and for such internal control as the accounting officer determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting officer is responsible for assessing the Ndlambe Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

Development priorities	Pages in the annual performance report
Key performance area (KPA) 1 – basic service delivery	x – x
KPA 3 – local economic development	x – x

21. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

Key performance area 1 – basic service delivery (BSD)

Key performance area 1 – basic service delivery (BSD)

Usefulness

Consistency

Objective BSD 10: Provide recreational and sport facilities to communities and ensure access to well-maintained facilities is not reported

23. The strategic objective was not reported while the planned strategic objective was approved in the service delivery agreement. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Indicators not consistent

24. The indicators and targets were not reported while the indicator and target was approved service delivery agreement. This is not in line with the requirements of the Municipal Systems Act, 2000 (Act No. 32 of 2000) of the Municipal Finance Management Act.

Indicator no.	Indicator	Target
BSD10.1	No. of sports fields built	100%
BSD10.3	Monitor implementation of maintenance of recreational and sports facilities against expenditure targets for this financial year	100%
BSD11.2	Monitor implementation of maintenance plan against expenditure targets for the current financial year	100% Monitoring
BSD13.3	Protection and management of all natural resources according to the targets set for each operational manager	100%
BSD17.2	Monitor implementation against the Draft Fire and Emergency Plan	100% of monitoring Fire and Emergency Plan

Measurability

25. The source information, evidence and calculation for the achievement of the planned indicator were not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI).
26. The systems and processes to enable reliable reporting of actual service delivery against the indicator were not adequately designed as there was no regular reporting and indicator descriptions, as required by the FMPPI.

The indicators below were not well defined and not verifiable. Targets relating to these indicators were not specific and not measurable.

Indicator	Indicators	Target
BSD1.1	A revised Water Safety Plan in place and implemented for each water supply system	85% compliance
BSD1.3	Supply sufficient potable water that meets national compliance standards.	100%
BSD1.5	% increase in Blue Drop Status	100%
BSD2.2	Water conservation and water demand management business plan in place and implemented	100%
BSD3.2	Generating funding to provide for 5% increase in waterborne sewerage	MIG Funding & Eradication Quantum
BSD3.6	% increase in Green Drop status	100%
BSD4.1	Roads and Storm Water Management Plan in place and implemented	15%
BSD4.2	Improved implementation of roads and storm water against % of budget expended	100%
BSD5.1	Measure implementation against the Housing Sector Operational Plan for the year under review.	100% allocation
BSD6.1	Monitor the provision of electricity according to the existing Electricity Maintenance Plan	100%on draft of maintenance plan
BSD7.1	Improved turnaround time on approval of land use applications within statutory frameworks	100%
BSD7.3	Reduction in number of land use practices/decisions that are not aligned with the applicable regulatory framework	100%
BSD9.1	Improved turnaround time for approving qualifying building plans within statutory timeframes measured against meeting agenda and minutes of the Building Committee	100%
BSD9.2	Improved law enforcement of buildings that are not complying to legislative requirements	100%
BSD10.3	Monitor implementation of maintenance of recreational and sports facilities against expenditure targets for this financial year	100%
BSD11.2	Monitor implementation of maintenance plan against expenditure targets for the current financial year	100%monitoring
BSD13.3	Protection and management of all natural resources according to the targets set for each operational manager	100%
BSD14.1	Measure implementation against compliance with standards as provided in national legislation	To run an effective Municipal Health services

BSD 15.1	Required traffic management measures are implemented according to legislation	100%
BSD17.2	Monitor implementation against the Draft Fire and Emergency Plan	100% of monitoring fire and emergency plan

Relevance

27. The indicators did not relate to the strategic objective of promoting and supporting enterprise development to stimulate economic growth and development that will result in the creation of jobs which it aimed to achieve, as required by the FMPPI.

Indicator no.	Indicator	Target
BSD10.2	Draft Strategy and Implementation Plan for the provision of access to well-maintained sports and recreational facilities are in place	Strategy and plan in place
BSD11.1	Draft Maintenance Plan in place for all cemeteries	100% Monitoring
BSD17.1	Draft Fire Emergency Implementation Plan in place	Fire and Emergency Implementation Plan in Place

Reliability

28. I was unable to obtain sufficient appropriate evidence for the actual reported performance of the indicators detailed in the table below. This was due to limitations placed on the scope of my work. Consequently, I was unable to determine if any adjustments were required to the reported achievements, for the indicators as detailed in the table below:

Indicator no.	Indicator	Target
BSD1.1	A revised Water Safety Plan in place and implemented for each water supply system.	85% compliant.
BSD1.2	% increase of indigent households having access to free basic potable water	100%
BSD1.3	Supply sufficient potable water that meets national compliance standards.	97%
BSD1.4	% reduction in number of households without potable water	100%
BSD1.5	% increase in Blue Drop Status	100%
BSD2.1	Annual % decrease in water losses	100%
BSD2.2	Water conservation and water demand management business plan in place and implemented	100%
BSD3.1	% increase of waterborne sewerage installation	100%

BSD3.2	Generating funding to provide for 5% increase in waterborne sewerage	MIG Funding & Bucket Eradication Quantum
BSD3.3	% increase of households with access to sanitation services	100%
BSD3.4	% increase of indigent household with access to free basic sanitation services	100%
BSD3.6	% increase in Green Drop status	100%
BSD4.1	Roads and Storm Water Management Plan in place and implemented	15%
BSD4.2	Improved implementation of roads and storm water against % of budget expended	100% of total alignment utilising 100% budget allocation
BSD5.1	Measure implementation against the Housing Sector Operational Plan for the year under review.	100% Allocation
BSD6.1	Monitor the provision of electricity according to the existing Electricity Maintenance Plan	100% on draft of maintenance plan
BSD6.3	% Increase of households with access to electricity in direct proportion to housing projects implemented	100% of formal urban households to have access to electricity
BSD6.4	% increase of indigent households with access to basic electricity service in direct proportion to housing projects coming on-line -	100% of formal urban households to have access to electricity
BSD6.5	% increase of indigent households with access to free alternative energy sources	Register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.
BSD7.1	Improved turnaround time on approval of land use applications within statutory frameworks	Improved turnaround time on approval of land use applications within statutory frameworks
BSD7.3	Reduction in number of land use practices/decisions that are not aligned with the applicable regulatory framework	100%
BSD9.1	Improved turnaround time for approving qualifying building plans within statutory timeframes measured against meeting agenda and minutes of the Building Committee	100%
BSD9.2	Improved law enforcement of buildings that are not complying to legislative requirements	100%
BSD10.1	No Reported indicator measures per APR	100%

BSD10.2	Draft Strategy and Implementation Plan for the provision of access to well-maintained sports and recreational facilities are in place	Strategy and plan in place
BSD10.3	No Reported Indicator measures per APR	100%
BSD11.1	Draft Maintenance Plan in place for all cemeteries	100% Monitoring
BSD11.2	No Reported Indicator measures per APR	100% Monitoring
BSD13.2	Obtain and maintain Blue Flag International standards of all Blue Flag Beaches	100%
BSD13.3	No Reported Indicator measures per APR	100%
BSD14:1	Measure implementation against compliance with standards as provided in national legislation	To run an effective Municipal Health services
BSD15:1	Required traffic management measures are implemented according to legislation	100%
BSD17.1	Draft Fire Emergency Implementation Plan in place	Fire and Emergency Implementation Plan in Place
BSD17.2	No Reported Indicator measures per APR	100% of monitoring fire and emergency plan

Key performance area 3 – local economic development (LED)

Usefulness

Consistency

29. The targets were reported in the annual performance report while the targets were not included in the service delivery agreement. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Targets not consistent

Indicator no.	Indicator	Target
LED1.1	Draft Enterprise Development Strategy and plan in place	Enterprise Development Strategy
LED1.2	Measures implemented against targets set in Draft Enterprise Development Strategy	100%
LED2.1	Agricultural Development Strategy and plan in place	Agricultural Development Strategy and plan in place
LED2.2	Measures implemented for agricultural development against targets set in Agricultural Development Plan	100%
LED3.1	Tourism Strategy and Plan in place	Tourism Strategy and Plan in place
LED3.2	Measure the impact of the tourism strategy and plan against target set in the strategy and plan	Impact made by tourist on local economy
LED5.2	No of jobs created in accordance with CWP	500

Measurability

30. The evidence and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI).
31. The targets for these indicators are not specific in clearly identifying the nature and required level of performance, are not measurable and did not specify the period or deadline for delivery during the planning process, as required by the FMPPI.
32. The systems and processes to enable reliable reporting of actual service delivery against the indicator were not adequately designed as the municipality does not have a clear indication of the required performance, as required by the FMPPI.

The indicators below were not well defined and not verifiable. Targets relating to these indicators were not specific and not measurable.

Indicator no.	Indicator	Target
LED1.2	Measures implemented against targets set in Draft Enterprise Development Strategy	100%
LED2.2	Measures implemented for agricultural development against targets set in Agricultural Development Plan	100%
LED3.2	Measure the impact of the tourism strategy and plan against target set in the strategy and plan	Impact made by tourist on local economy

Relevance

33. The indicators did not relate to the strategic objective of promoting and supporting enterprise development to stimulate economic growth and development that will result in the creation of jobs which it aimed to achieve, as required by the FMPPI.

Indicator no.	Indicator	Target
LED1.1	Draft Enterprise Development Strategy and plan in place	Enterprise Development Strategy
LED1.2	Measures implemented against targets set in Draft Enterprise Development Strategy	100%

Reliability

34. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target per the underlying records. This was due to lack of proper supporting evidence for the reported performance. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of the following indicators:

Indicator no.	Indicator	Target
---------------	-----------	--------

LED2.2	Measures implemented for agricultural development against targets set in Agricultural Development Plan	100%
LED3.2	Measure the impact of the tourism strategy and plan against target set in the strategy and plan	Impact made by tourist on local economy
LED5.2	No of jobs created in accordance with CWP	500

Indicator: Tourism Strategy and Plan in place

35. Reported achievement did not agree with the evidence provided and therefore is not valid, accurate and complete.

36. The reported achievement for the target tourism strategy and plan in place was misstated as the evidence provided indicated that the strategy was not yet approved and not target met as reported.

Other matter

37. I draw attention to the matter below.

Achievement of planned targets

38. Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs [x; x; x] of this report.

Report on audit of compliance with legislation

Introduction and scope

39. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

40. The material findings on compliance with specific matters in key legislations are as follows:

Revenue management

41. An effective system of internal control for debtors/revenue was not in place, as required by section 64(2)(f) of the MFMA.

Annual financial statements

42. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA.

43. Material misstatements of non-current assets and revenue identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Consequence management

44. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
45. Irregular expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.
46. Losses resulting from irregular expenditure were not recovered from the liable person, as required by section 32(2) of the MFMA and municipal budget and reporting regulations 75 (2).
47. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulations 75(1).
48. Losses resulting from fruitless and wasteful expenditure were not recovered from the liable person, as required by section 32(2)(b) and 102(1) of the MFMA and municipal budget and reporting regulations 75(2).

Strategic planning and performance management

49. The Integrated Development Plan (IDP) did not include the financial plan, as required by sections 26(h) of the MSA and municipal planning.
50. The IDP was not drafted considering the integrated development process and proposals submitted by the district municipality as required by section 29(3) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Procurement and contract management

51. Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b). Similar non-compliance was also reported in the previous year.
52. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
53. Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality, as required by SCM regulation 28(2).
54. Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Supply and delivery of quarry Material to Ndlambe area.

55. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the Upgrading of Runeli Drive Road in Ndlovini Township.
56. Some of the contracts were awarded to bidders based on preference points that were not all calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. This non-compliance was identified in the procurement processes for the Upgrading of Beach Road, Port Alfred, Runeli Drive Road.
57. Some of the construction contracts were awarded to contractors that did not qualify for the contract, in contravention of section 18(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) (CIDB Act) and CIDB regulations 17 and 25(7A).
58. Bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 9(1).
59. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.
60. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
61. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.
62. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) the code of conduct for staff members issued in terms of the Municipal Systems Act.
63. Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of the MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
64. Awards were made to providers who were in the service of the municipality and whose directors were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).

Expenditure management

65. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R221 880, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
-

Budgets

66. Reasonable steps were not taken to prevent unauthorised expenditure of R97,6 million, as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the individual vote.

Conditional grants

67. The municipality did not evaluate its performance in respect of programmes or functions funded by the municipal infrastructure grant and the integrated national electrification grant, as required by section 12(5) of the DoRA.

68. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in the auditor's report.
69. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
70. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
71. I have not yet received the annual report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

Internal control

72. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
73. The leadership did not adequately oversee the implementation and monitoring of internal controls to ensure sound financial and performance management and compliance with legislation. This resulted in inaccurate, incomplete and inadequate financial and performance reporting. The leadership developed a plan to address external audit findings, but it did not sufficiently address all the external audit findings raised in the previous years.

74. The leadership did not implement an effective performance management system that holds staff accountable and enables the leadership to instil the principle of consequence management. As a result, the municipality did not comply with much of the relevant legislation.
75. The municipality had an inadequate control environment with ineffective daily and monthly processing and reconciliation of transactions. The lack of a proper functioning control environment resulted in deficiencies in the record management system and underlying records. Furthermore, compliance with legislation was not monitored adequately, resulting in findings on compliance in the year under review.
76. Information provided was either incomplete or did not support the financial statements and the performance report. For some areas under both financial and performance management the regular processes of collecting, collating and reporting on credible information were not implemented, which resulted in material findings being raised on the reported financial and performance information.
77. The implementation of the risk management strategy was not monitored. Although a risk assessment was performed, it was inadequate and not formally adopted.
78. The internal audit unit and audit committee did review the adequacy, reliability and accuracy of the financial statements and performance information. However, the review of the financial statements, performance information and compliance with legislation was not adequate as evidenced by material misstatements identified in all these three areas.

AUDITOR GENERAL

East London

30 November 2017



AUDITOR GENERAL
SOUTH AFRICA

Auditing and Reporting Services

1. My responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ndlambe Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other

matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNEXURE D

**MANAGEMENT RESPONSES TO THE AUDIT
REPORT**

MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR GENERAL TO THE COUNCIL OF NDLAMBE LOCAL MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NLM FOR THE YEAR ENDED 30 JUNE 2017.

Paragraph	Issues Raised By AG	Management Comments to the Auditors findings	Timeframe	Person Responsible
3.	The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year, as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 43 to the financial statements is understated as a result of the poor systems. Due to the lack of systems, it was impracticable for me to determine the full extent of the understatement of irregular expenditure disclosed. Consequently, I was unable to determine the adjustments to the current and prior year irregular expenditure of R368.6 million (2016:R284.6 million).	The municipality has systems to identify and disclosed irregular expenditure. The AGSA has gone back to the previous financial period and also has CAATS system that the municipality does not have to identify companies that are owned, directors and family members who are on the service of the state.	30/06/2018	Accounting Officer - MM
4.	I was unable to obtain sufficient appropriate audit evidence for the impairment allowance disclosed in notes 4 and 5 to the financial statements due to non-availability of the estimates and assumptions used in the computation of the impairment allowance. I was unable to confirm the appropriateness of the impairment allowance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the exchange and non-exchange transactions stated at R21 million and R16 million respectively in the financial statements and the debt impairment of R22 million as disclosed in the statement of financial performance.	The municipality will utilise the formular provided by the National Treasury regulations when calculating the impairment allowance and provide the AGSA with the supporting documents, estimates and assumption used to compute the impairment allowance.	30/06/2018	CFO
9.	As disclosed in note 50 to the financial statements, material electricity losses of R5,6 million (2016: R6,8 million) was incurred, which represents 13,25% (2016: R17,24%) of total electricity purchased. The losses were due to meter reading losses and faulty underground infrastructure.	MANLEC has attended to the faulty meters and the issue will me monitored going forward.	31/03/2018	Director: Infrastructure Development
10.	As disclosed in note 50 to the financial statements, material water losses to the amount of R12 million (2016: R15 million) was incurred, which represents 34,4% (2016: 40,4%) of total water purchased. The losses were due to meter reading inefficiencies and faulty meters.	Resolve has repaired many meters but funding from ACIP could not cover the whole of Ndlambe.	31/03/2018	Director: Infrastructure Development
11.	As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered by management during 2017 in the financial statements of the municipality at, and for the year ended 30 June 2017	The municipality always amend figures when ever there are standards introduced during the period. The introduction of MSCOA also affected the figures in the AFS thus amendments were obligatory.	30/06/2018	Director: Financial Management (CFO)
12.	As disclosed in note 42 to the financial statements, unauthorised expenditure of R97.6 million was incurred due to overspending of the operational and capital budget at vote level.	The introduction of MSCOA and also mid-year budget adjustment will mitigate the unauthorised expenditure going forward.	30/06/2018	Director: Financial Management (CFO)
23.	The strategic objective was not reported while the planned strategic objective was approved in the service delivery agreement. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).	All the indicators that are included in the strategic documents will be reported in the Annual Performance Report for the 2017/18 financial period.	2017/18 FY	Manager: IDP

MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR GENERAL TO THE COUNCIL OF NDLAMBE LOCAL MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NLM FOR THE YEAR ENDED 30 JUNE 2017.

Paragraph	Issues Raised By AG	Management Comments to the Auditors findings	Timeframe	Person Responsible
24.	The indicators and targets were not reported while the indicator and target was approved service delivery agreement. This is not in line with the requirements of the Municipal Systems Act, 2000 (Act No. 32 of 2000) of the Municipal Finance Management Act	The municipality has appointed A2A Kopano to assist with the SDBIP and IDP indicators, once this process has been finalized the adjusted SDBIP will be tabled to Council and the Annual Performance Report will include these indicators and their achievements.	25/01/2018	Manager: IDP
25.	The source information, evidence and calculation for the achievement of the planned indicator were not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPi).	The files that will be containing the Proof of Evidence will be prepared and the calculation for achievement has been made available to the auditors. The matter was only for the reported indicators were not supported by POEs.	30/06/2018	Manager: IDP
26.	The systems and processes to enable reliable reporting of actual service delivery against the indicator were not adequately designed as there was no regular reporting and indicator descriptions, as required by the FMPPi	The Municipality has developed a template that talks to the scorecards and the directors and the MM are required to report on a quarterly basis.	Every Quarter	Manager: IDP
27.	The indicators did not relate to the strategic objective of promoting and supporting enterprise development to stimulate economic growth and development that will result in the creation of jobs which it aimed to achieve, as required by the FMPPi.	The municipality has appointed A2A Kopano to assist with the SDBIP and IDP indicators, once this process has been finalized the adjusted SDBIP will be tabled to Council and the Annual Performance Report will include these indicators and their achievements	30/06/2018	Director: CPS
28.	I was unable to obtain sufficient appropriate evidence for the actual reported performance of the indicators detailed in the table below. This was due to limitations placed on the scope of my work. Consequently, I was unable to determine if any adjustments were required to the reported achievements	The files that will be containing the Proof of Evidence will be prepared and the calculation for achievement has been made available to the auditors. The matter was only for the reported indicators were not supported by POEs.	30/06/2018	Manager: IDP
29.	The targets were reported in the annual performance report while the targets were not included in the service delivery agreement. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).	The Annual Performance Report for the 2017/18 financial period will only contain the targets that were included in the Service Delivery Agreements.	30/06/2018	Manager: IDP
30.	The evidence and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPi).	The files that will be containing the Proof of Evidence will be prepared and the calculation for achievement has been made available to the auditors. The matter was only for the reported indicators were not supported by POEs.	30/06/2018	Manager: IDP
31.	The targets for these indicators are not specific in clearly identifying the nature and required level of performance, are not measurable and did not specify the period or deadline for delivery during the planning process, as required by the FMPPi	The municipality has appointed A2A Kopano to assist with the SDBIP and IDP indicators, once this process has been finalized the adjusted SDBIP will be tabled to Council and the Annual Performance Report will include these indicators and their achievements	30/06/2018	Manager: IDP
32.	The systems and processes to enable reliable reporting of actual service delivery against the indicator were not adequately designed as the municipality does not have a clear indication of the required performance, as required by the FMPPi	The municipality has appointed A2A Kopano to assist with the SDBIP and IDP indicators, once this process has been finalized the adjusted SDBIP will be tabled to Council and the Annual Performance Report will include these indicators and their achievements	30/06/2018	Manager: IDP

MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR GENERAL TO THE COUNCIL OF NDLAMBE LOCAL MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NLM FOR THE YEAR ENDED 30 JUNE 2017.

Paragraph	Issues Raised By AG	Management Comments to the Auditors findings	Timeframe	Person Responsible
33.	The indicators did not relate to the strategic objective of promoting and supporting enterprise development to stimulate economic growth and development that will result in the creation of jobs which it aimed to achieve, as required by the FMPP1	The municipality has appointed AZA Kopano to assist with the SDBIP and IDP indicators, once this process has been finalized the adjusted SDBIP will be tabled to Council and the Annual Performance Report will include these indicators and their achievements	30/06/2018	Manager: IDP
34.	I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target per the underlying records. This was due to lack of proper supporting evidence for the reported performance. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of the following indicators	The files that will be containing the Proof of Evidence will be prepared and the calculation for achievement has been made available to the auditors. The matter was only for the reported indicators were not supported by POEs.	30/06/2018	Manager: IDP
35.	Reported achievement did not agree with the evidence provided and therefore is not valid, accurate and complete	The files that will be containing the Proof of Evidence will be prepared and the calculation for achievement has been made available to the auditors. The matter was only for the reported indicators were not supported by POEs.	30/06/2018	Manager: IDP
36.	The reported achievement for the target tourism strategy and plan in place was misstated as the evidence provided indicated that the strategy was not yet approved and not target met as reported	The Municipality has developed a template that talks to the scorecards and the directors and the MM are required to report on a quarterly basis.	30/06/2018	Manager: IDP
41.	An effective system of internal control for debtors/revenue was not in place, as required by section 64(2)(f) of the MFMA	The recommendation of the Auditor General of South Africa will be implemented and monitored in the Audit Action Plan.	30/06/2018	Manager: LED
42.	The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA	All the issues raised by the AGSA relating to the submitted AFS were adjusted and the adjusted AFS were audited during the period.	31/01/2018	Director: Financial Management (CFO)
43.	Material misstatements of non-current assets and revenue identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	All the issues raised by the AGSA relating to the submitted AFS were adjusted and the adjusted AFS were audited during the period.	25/10/2017	Director: Financial Management (CFO)
44.	Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.	The Unauthorised expenditure will be authorised by the adjustment budget in the 2018 financial period.	30/11/2017	Director: Financial Management (CFO)
45.	Irregular expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.	MPAC did investigate the irregular expenditure until March 2017, the remaining months in that financial period will be dealt with in the 2017/18 financial period.	25/02/2018	Director: Financial Management (CFO)
46.	Losses resulting from irregular expenditure were not recovered from the liable person, as required by section 32(2) of the MFMA and municipal budget and reporting regulations 75 (2).	The goods and services derived from the irregular expenditure were delivered and rendered, it was only the procurement processes that were not adequately followed.	31/01/2018	Director: Financial Management (CFO)
			31/01/2018	Director: Financial Management (CFO)

MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR GENERAL TO THE COUNCIL OF NDLAMBE LOCAL MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NLM FOR THE YEAR ENDED 30 JUNE 2017.

Paragraph	Issues Raised By AG	Management Comments to the Auditors findings	Timeframe	Person Responsible
47.	Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulations 75(1).	MPAC did investigate Fruitless and wasteful expenditure until March 2017, the remaining months in that financial period will be dealt with in the 2017/18 financial period.	31/01/2018	Director: Financial Management (CFO)
48.	Losses resulting from fruitless and wasteful expenditure were not recovered from the liable person, as required by section 32(2)(b) and 102(1) of the MFMA and municipal budget and reporting regulations 75(2).	The goods and services derived from the Fruitless and wasteful expenditure were delivered and rendered, it was only the procurement processes that were not adequately followed.	30/03/2018	Municipal Manager
49.	The Integrated Development Plan (IDP) did not include the financial plan, as required by sections 26(h) of the MSA and municipal planning.	In the 2017/18 financial period the IDP does include the Financial Plan.	30/06/2017	Manager: IDP
50.	The IDP was not drafted considering the integrated development process and proposals submitted by the district municipality as required by section 29(3) of the Municipal Systems Act, 2000 (Act No. 32 of 2000). Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b). Similar non-compliance was also reported in the previous year.	In the 2017/18 financial period the IDP was drafted considering the integrated development process and proposals submitted by the district municipality as required by section 29(3) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).	30/06/2017	Manager: IDP
51.	Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).	The municipality does not have its SDB but uses the CDB provided by the national treasury.	30/06/2017	Director: Financial Management (CFO)
52.	Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality, as required by SCM regulation 28(2).	When goods and services of the transactions value above R200 000 were procured without inviting competitive bids, the SCM regulation 36(1) is used and the expenditure is included in the Irregular expenditure register.	30/06/2018	Director: Financial Management (CFO)
53.	Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Supply and delivery of quarry Material to Ndlambe area.	Minutes and attendance registers will be made available to the AGSA of all the bid committees.	30/06/2018	Director: CS
54.		Minutes and attendance registers will be made available to the AGSA of all the bid committees.	30/06/2018	Director: CS

MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR GENERAL TO THE COUNCIL OF NDAMBE LOCAL MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NLM FOR THE YEAR ENDED 30 JUNE 2017.

Paragraph	Issues Raised By AG	Management Comments to the Auditors findings	Timeframe	Person Responsible
55.	Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the Upgrading of Runeli Drive Road in Ndlovini Township.	In this specific case the bidders that received the highest points were below the estimate as per the bill of quantity, thus they were not awarded.	30/06/2017	Director: Infrastructure Development
56.	Some of the contracts were awarded to bidders based on preference points that were not all calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. This non-compliance was identified in the procurement processes for the Upgrading of Beach Road, Port Alfred, Runeli Drive Road.	The advert was 80/20 which included all the streets, but the awards were based on each street of which they fall with in 80/20. Municipality has embarked in developing Small Medium Micro Enterprises (SMME'S). As part of Council's initiatives of skills transfer and capacitating of local SMMEs, Council's intention was to provide support to local SMMEs so as to assist them towards graduation from lower to higher CIDB grading. The SMME would be supported through our SMME Technical Support Programme .	30/06/2017	Director: Infrastructure Development
57.	Some of the construction contracts were awarded to contractors that did not qualify for the contract, in contravention of section 18(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) (CIDB Act) and CIDB regulations 17 and 25(7A).	The municipality did not request the bidders to specify the local content and minimum threshold on the advert.	30/06/2017	Director: Infrastructure Development
58.	Bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 9(1).	The extended contracts were approved by the Director and the Accounting officer in terms of a memo.	30/06/2017	Director: Infrastructure Development
59.	Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.	Site meetings are held on a monthly basis and the minutes made available.	30/06/2017	Director: Infrastructure Development
60.	The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.	The municipality does not have a system to vet the directors of companies that are in the service of the state, it only depends on the vetting done by the Central Database and the service providers we can do business with. MBD 4 Form is issued to every service provider and failure to disclose will be dealt with for these known by the municipality, ongoing	30/06/2017	Director: Infrastructure Development
61.	Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.			Director: Financial Management (CFO)

MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR GENERAL TO THE COUNCIL OF NDLAMBE LOCAL MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NLM FOR THE YEAR ENDED 30 JUNE 2017.

Paragraph	Issues Raised By AG	Management Comments to the Auditors findings	Timeframe	Person Responsible
62.	Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) the code of conduct for staff members issued in terms of the Municipal Systems Act.	The municipality does not have a system to vet the directors of companies that are in the service of the state, it only depends on the vetting done by the Central Database and the service providers we can do business with.	ongoing	Director: Financial Management (CFO)
63.	Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of the MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).	The municipality does not have a system to vet the directors of companies that are in the service of the state, it only depends on the vetting done by the Central Database and the service providers we can do business with.	ongoing	Director: Financial Management (CFO)
64.	Awards were made to providers who were in the service of the municipality and whose directors were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).	This was because of the employees who were artists in the music industry and also were contracted in the traffic department. They are not permanent staff members. In some cases the employee's banking details were used to pay certain Music Artist whom rendered services to the municipality and was working with one of the officials in the local radio station.	30/06/2018	Director: Financial Management (CFO)
65.	Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R221 880, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA	All these matters that raised the Fruitless and wasteful expenditure were investigated and no criminal nor disciplinary steps were deemed necessary to be taken against any official. Procedures and systems were amended to avoid instances of fruitless and wasteful expenditure reoccurring.	30/06/2018	Director: Financial Management (CFO)
66.	Reasonable steps were not taken to prevent unauthorised expenditure of R97,6 million, as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the individual vote.	This is due to the under-budgeting on certain votes like depreciation and also unforeseen expenditure that was not budgeted for. The whole figure is accumulated figure from prior periods. The current figure is R24m.	30/06/2018	Director: Financial Management (CFO)
67.	The municipality did not evaluate its performance in respect of programmes or functions funded by the municipal infrastructure grant and the integrated national electrification grant, as required by section 12(5) of the DoRA.	The Municipality uses the steering committees to monitor and evaluate MIG and INEG projects. The matter was the fact that there were no minutes as evidence of monitoring.	ongoing	Director: Infrastructure Development
71.	I have not yet received the annual report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.	The Annual Report will be tabled to council for noting and the AGSA will be given the chance as the public to comment on the Annual Report and present to the MPAC before March 2018.	31/03/2018	Accounting Officer - MM

MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR GENERAL TO THE COUNCIL OF NDLAMBE LOCAL MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NLM FOR THE YEAR ENDED 30 JUNE 2017.

Paragraph	Issues Raised By AG	Management Comments to the Auditors findings	Timeframe	Person Responsible
73.	The leadership did not adequately oversee the implementation and monitoring of internal controls to ensure sound financial and performance management and compliance with legislation. This resulted in inaccurate, incomplete and inadequate financial and performance reporting. The leadership developed a plan to address external audit findings, but it did not sufficiently address all the external audit findings raised in the previous years.	The leadership of the municipality developed the Audit Action Plan plan that was monitored throughout the financial period and the recurring of the finding's description differs from the detailed findings.	ongoing	Accounting Officer - MM
74.	The leadership did not implement an effective performance management system that holds staff accountable and enables the leadership to instil the principle of consequence management. As a result, the municipality did not comply with much of the relevant legislation.	The leadership of the municipality follows the collective agreement when dealing with consequence management as per the AGSA's understanding of the term and relevant legislation.	ongoing	Accounting Officer - MM
75.	The municipality had an inadequate control environment with ineffective daily and monthly processing and reconciliation of transactions. The lack of a proper functioning control environment resulted in deficiencies in the record management system and underlying records. Furthermore, compliance with legislation was not monitored adequately, resulting in findings on compliance in the year under review.	The municipality will improve the control environment with effective daily and monthly processing reconciliation of transaction.	30/06/2018	Director: Financial Management (CFO)
76.	Information provided was either incomplete or did not support the financial statements and the performance report. For some areas under both financial and performance management the regular processes of collecting, collating and reporting on credible information were not implemented, which resulted in material findings being raised on the reported financial and performance information.	The municipality will improve its audit file and during the audit the Audit Controller will make sure that Request for Information are submitted on time.	30/08/2018	Internal Audit Unit
77.	The implementation of the risk management strategy was not monitored. Although a risk assessment was performed, it was inadequate and not formally adopted.	The implementation of the risk management strategy was monitored through out the period under review as per the risks identified during the risk assessments. The risk assessment was performed, it was formally adopted by the Audit & Performance Committee.	30/08/2017	Internal Audit Unit
78.	The internal audit unit and audit committee did review the adequacy, reliability and accuracy of the financial statements and performance information. However, the review of the financial statements, performance information and compliance with legislation was not adequate as evidenced by material misstatements identified in all these three areas.	The Internal Audit Unit does not audit the AFS but review them and does not give an opinion. The scope of work of both the Audit & Performance Committee and the Internal Audit Unit differs from the AGSA methodology and audit.	30/08/2017	Internal Audit Unit

ANNEXURE E

AUDIT AND PERFORMANCE COMMITTEE ANNUAL
REPORT FOR THE YEAR ENDED 30 JUNE 2017

AUDIT AND PERFORMANCE COMMITTEE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

We hereunder present our report for the financial year ended 30th June, 2017.

Membership

The Audit and Performance committee consisted of three members during the first three quarters of the year and new committee of four was appointed during the last quarter, specifically on the 31st of May, 2017. It should meet at least four times per annum as per its approved terms of reference. However during the year it had two Ordinary meetings and two special meetings aside from attending to ad hoc assignments like MPAC strategic sessions and presenting to the council.

Names of members	meetings attended
Mr W S MBALEKWA-----Chairperson	4/4
Mr S M MBEWU-----Member	3/4
ADV T MQOBI-----Member	0/4

New members appointed on the 31st May, 2017 attended the last meeting of the financial year which was held on the 14th of June, 2017. They are

Mr W S Mbalekwa	Chairperson – re-appointment
Mr S R Tandani	New Member
Ms R Shaw	New Member
Adv. S Gugwini-Peter	New Member

Audit and performance committee responsibilities

The audit and performance committee is an independent body which must –

- a) Advise the council, the political office bearers, the accounting officer and the management staff on matters relating to-
 - 1) Internal financial control and internal audits
 - 2) Risk management
 - 3) Accounting policies
 - 4) The adequacy, reliability and accuracy of financial reporting and information
 - 5) Performance management
 - 6) Effective governance
 - 7) Compliance with all applicable legislation
 - 8) Performance evaluation
 - 9) Attend to any other issues referred to it by the municipal council
- b) Review the annual financial statements to provide the council with an authoritative and credible view of the financial position
- c) To respond to the council on any issues raised by the Auditor General in the audit report
- d) Carry out such investigations into the financial affairs of the municipality as it may request
- e) Perform such other functions as may be prescribed.

Effectiveness of internal control

The system of internal control applied by the municipality over financial risk and risk management must be effective, efficient and adequate.

In line with MFMA and King 111 Report on corporate governance requirements, Management, internal audit and audit committee provide assurance to the municipality that the system of internal controls is appropriate and effective. This is achieved through a risk management process, and identification of corrective measures including enhancement of controls and processes.

From the various reports of the Internal Audit function, the Auditor General's Audit report on the financial statements, both any qualification and/or emphasis of matter and the management report, it is noted that there was some reported noncompliance with prescribed policies and procedures. **Accordingly, the audit committee can report that the system of internal control was NOT effective and efficient for the period under report.**

Management

Judging by the nature and number of issues raised by the Auditor General, it is clear that Management is falling short of expectations. A practical turnaround plan has to be put in place and must be implemented as soon as possible.

Internal Audit

Although internal audit tries to review and test the adequacy and reliability of the system of internal control, internal controls have been found wanting and inadequate by the Auditor General. The situation was exacerbated by the prolonged absences, due to illnesses, of the CFO and one member of the audit team. Also the scant resources of the unit have the potential to compromise the independence of the audit function which is supposed to be adequately resourced at all times in order to fulfil its role.

Audit committee

Although the Audit Committee tried to perform its statutory responsibilities, the issues raised by the Auditor General indicate inadequacy of its oversight role. Enough financial resources have to be availed in order to enhance the functioning of the audit committee in providing a credible and authoritative view of the financial reporting to the council. Frequency of meetings and subsequent reporting, coupled with ease of access to the municipal records and reports, have to be improved.

Evaluation of financial statements

The audit committee confirms that –

- a) It reviewed the unaudited financial statements, to be included in the annual report, prior to submission to the office of the Auditor General.
- b) It has not reviewed the Auditor General Management report at the time of compiling this report as the Auditor General's report is yet to be presented to it. The submission of this report to council prior to reviewal by the Audit committee is a matter of concern as it denies the council the opportunity to receive a value added report.

Annual Audit

The annual audit of the Ndlambe Local Municipality by the Auditor General has been finalised but, as alluded to above, has not been presented to the full audit committee yet. However gleaning from the report, the Audit Committee is of the view that the issues raised therein, read together with the Audited Annual Financial statements, should be accepted.

Submitted for inclusion in the annual report by

Sabatha Mbalekwa- Chairperson

For and on behalf of the Audit and Performance Committee

ANNEXURE F

OVERSIGHT REPORT 2015/2016



2015/16

NDLAMBE MUNICIPALITY

OVERSIGHT REPORT

Councillor T Mbunge (ANC) - Chairperson

Councillor M Raco (ANC)

Councillor M Mateti (ANC)

Councillor S Venene (DA)

Councillor K Daweti (DA)



This Oversight Report is based on the Annual Report of 2015/16 financial period and is drafted and submitted in accordance to the Municipal Finance Management Act

OVERSIGHT REPORT 2015/2016

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OVERSIGHT REPORT 2015/2016

I. Statement of purpose of the Oversight Report

The annual report is a key instrument of transparent governance and accountability. It is a post –financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial period, in this case 2015/2016. The adoption of an Annual Report is legislated requirement in terms of the Local Government: Municipal Financial Management Act 56 of 2003 (MFAMA).

I.1 Purpose

The purpose of this report is to present to Council for adoption, the final Annual Report for 2015/2016 as well as the Oversight Report on the Annual Report as required in terms of Section 129 of the MFMA, Act 56 of 2003.

It is important to have some understanding of the accountability framework for municipalities in order to correctly comprehend the role of the Oversight Report as distinct from that of the Annual Report and any other reports required from the municipality by the Constitution, Acts, regulations or Circulars.

The following table displays the nature of the culpability framework for local government:

	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Mayor & Executive Committee	Community
Mayor & Executive Committee	Policy, budgets, outcomes, management of/oversight over municipal manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	Administration	Mayor & Executive Committee (Council)
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial management and operational functions	Municipal Manager

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act requires the council to consider the annual report of its municipality and to adopt an “Oversight Report” containing the council’s comments on the annual report.

The Oversight Report is a distinct product from the Annual Report.

The Annual Report is submitted to the Council by the Accounting Officer, Adv. R Dumezweni and the Mayor, Cllr. P Faxi and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the 2015/16 financial year. The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal council to

OVERSIGHT REPORT 2015/2016

the community disclosing the level of success or otherwise, obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

2. The Municipal Public Accounts Committee

The establishment and compilation of Council's Municipal Public Account Committee in August 2016, was in terms of Section 79 of the Municipal Structures Act, 1998. The Municipal Public Account Committee is comprised of non-executive Councillors represented by most political parties and a Chairperson was elected by full council on the 18 August 2016.

The Ndlambe Municipal Public Accounts Committee consists of the following Councillors:

Councillor T Mbunge (ANC)
Councillor M Raco (ANC)
Councillor M Mateti (ANC)
Councillor S Venene (DA)
Councillor K Daweti (DA)

Councillor T Mbunge (ANC) serves as chairperson of the committee.

3. The Functions of the Municipal Public Accounts Committee:

- a) Undertake a review and analysis of the Annual Report.
- b) Invite, receive and consider inputs from Councillors and officials on the Annual Report.
- c) Consider written comments received on the Annual Report from the public consultation process.
- d) Conduct 2 day's Strategic Planning session.
- e) Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representative(s) of the Auditor General, organs of state, Council's Audit & Performance Committee, political Parties and Councillors.
- f) Receive and consider Council's Audit & Performance Committee views and comments on the annual financial statements and the performance report.

4. Summary of Findings relating to the Annual Reporting Process

The following table summarises the respective findings of the Municipal Public Account Committee relating to the process followed in compiling the Annual Report and resultant Oversight Report in comparison to the process required by statute.

Reservation Expressed by the Municipal Public Account Committee	Actions required	Due Date
The Annual Report was submitted to Council on due date. The Council meeting was held on the 31 January 2017.	The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	31 January 2016

OVERSIGHT REPORT 2015/2016

The preparation and adoption of the annual report within 9 months after the end of the financial period.	The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.	31 March 2017
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5. Summary of Representations received from the Community and Others

The following table reflects the key written representations received from the respective bodies/individuals relating to the contents of the Annual Report:

Representation Submitted by:	Key Issues Raised:	Determination by MPAC
Individual councillors (in particular, ward councillors)	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • That in future, councillors must be taken through the Annual Report.
Auditor-General	<ul style="list-style-type: none"> • They were invited to make their representation in front of the MPAC. • Did not attend the MPAC Strategic Session that was scheduled for the 06 and 17 March 2017 	<ul style="list-style-type: none"> • Audit Action Plan should be made a standing item of the MPAC for the committee to be able to monitor and make recommendation.
SAMWU & IMATU	<ul style="list-style-type: none"> • Commit to working together to take the municipality from a good to a great municipality in order to achieve a clean audit in 2018 (IMATU) • Willing to assist management with all matters that will take the institution to reaching its objectives. 	<ul style="list-style-type: none"> • Involve the unions as part of the stakeholders to improve audit outcomes.
Audit & Performance Committee	<ul style="list-style-type: none"> • They were invited to attend the Strategic Session of the MPAC. • They submitted a report that forms part of the annexures of the Annual report from the Audit & Performance Committee. • The chairperson was requested to give the Audit Committee's opinion on the AFS and their report was included in the Annual report. 	<ul style="list-style-type: none"> • Presented at the MPAC Meeting of 16 March 2017
Other spheres of government	<ul style="list-style-type: none"> • The Department of Local Government and Traditional Affairs attended the meeting. • They are willing to support with the clean audit campaign. • Provincial Treasury submitted their comments and were discussed in the MPAC meeting held on the 23/03/2017 • Ndlambe Ratepayers Association 	<ul style="list-style-type: none"> Presented at the MPAC Meeting of 16 March 2017

OVERSIGHT REPORT 2015/2016

Representation Submitted by:	Key Issues Raised:	Determination by MPAC
	Presented on 16/03/2017	
Others: SANCO, Farmer's Association & Public	• None	• These stakeholders will need to be engaged through Public Participation.

The Municipal Public Accounts Committee noted with concern, the lack of comment in respect of the Annual Report from the Ward Committees and Public. Efforts were made to encourage public participation by means of advertising the public MPAC meeting and inviting responses to the Annual report. No input was received despite efforts; however the process will be improved next year.

6. 2015/2016 Annual Report Consultation Process

- a) The Annual Report was tabled at an open Council Meeting on 31 January 2017.
- b) The communities were advised through print media and the Municipal website of the availability of the annual report and were invited to submit representations on the report.
- c) The Annual Report was available at all municipal libraries and identified offices. The Annual Report was also submitted to the Auditor General, Provincial Treasury and the Department of Local Government and Traditional Affairs.
- d) At the closing date for public submissions (24 February 2017), no submissions had been received from the public.
- e) All stakeholders were invited to the Strategic Session held on the 16 & 17 March 2017

6.1 Legislative process followed when dealing with the Annual Report

	PROVIDE FOR BY
Preparation of annual statements of the municipality and submission to the Auditor General	MFMA Section 122(1)(2)
Receipt of final report from Auditor General	MFMA Section 126(3)(b)
Tabling of Annual Report in Council by Executive Mayor	MFMA Section 127(2)
Allowing for comment by Community and relevant state organs	MFMA Section 127(5)(a)&(b)
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)
Consideration and adoption of Annual Report and Oversight Report	MFMA Section 129(1)
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)
Communication of final Annual Report and Oversight Report (website, hard copies and other mediums)	MFMA Section 129(3)

OVERSIGHT REPORT 2015/2016

7. Summary of Reservations Expressed and Corrective Actions required

RESERVATION	ACTION PLAN
Recruitment	<ul style="list-style-type: none"> In the beginning of the 2016 new term of council coincident with the ending of Section 56/57 Managers. Finalising the process and maintaining the going concern is vital. Number of returning leadership both political and administratively needs to be taken into account.
Audit & Performance Committee	<ul style="list-style-type: none"> Intensify the oversight role of the committee going forward. Monitoring the efficiency and evaluation of this committee by the Accounting Officer and report to Council.
Municipal Public Accounts Committee	<ul style="list-style-type: none"> Intensify the oversight role played by this committee and advisory role to council.
PMS	<ul style="list-style-type: none"> That the performance Management System be prioritized taking into consideration: <ul style="list-style-type: none"> (a) The establishment of the Performance Committee (b) Submission of quarterly reports to Council
SCM	<ul style="list-style-type: none"> That the Supply Chain Management Unit be centralized.
IDP	<ul style="list-style-type: none"> That the IDP and Budget must be aligned. Feedback to and participation from communities needs to be improved. Published timeline for the development of the IDP must be adhered to.
SDBIP	<ul style="list-style-type: none"> The Service Delivery Budget Implementation Plan should be aligned with the Annual Budget and the Integrated Development Plan The SDBIP be made available to MPAC for scrutiny and input. Quarterly reports on SBDIP must be prepared and submitted to council.
Internal Audit Unit	<ul style="list-style-type: none"> That the Internal Audit Unit needs to be capacitated and be beefed up by warm bodies.
Audit Action Plan	<ul style="list-style-type: none"> That the Audit Action Plan must be populated and monitored by the Internal Audit Unit. Progress on the actions taken to mitigate the audit findings from reoccurring must be reported to the Accounting

OVERSIGHT REPORT 2015/2016

RESERVATION	ACTION PLAN
	Officer.
Workforce of the Municipality	<ul style="list-style-type: none"> It be noted that the staff establishment has exceeded the norm and Ndlambe Municipality would rather optimize the current staff internally, by utilizing staff members more productively according to their skills, rather than employing new people. A person dealing with "Customer Care" issues is needed in the municipality.
Side Walks	<ul style="list-style-type: none"> That the sidewalks need to be maintained as important as roads
Equipment	<ul style="list-style-type: none"> Correct and serviceable equipment is critical for productivity.
Workshop	<ul style="list-style-type: none"> The turn-around time for repairs at the Workshop needs to be investigated – this has been on Council agenda for at least two years
Other areas that need improvements	<ul style="list-style-type: none"> Improvement of the quality of water Approving the Water Demand Management Plan. Decrease water losses. Plans to replace asbestos pipes Need to increase the number of skip bins for refuse Need for new landfill sites.
Vandalism of municipal assets	<ul style="list-style-type: none"> Security needs to be strengthened
The Boardwalk	<ul style="list-style-type: none"> The municipality needs to look at repairing the Boardwalk as this can, essentially, be seen as a "quick win" for the municipality.

8. Submissions from the MPAC

During the Strategic Planning session, stakeholders made presentations and commitments. These presentations are listed under **ANNEXURE A**

9. Minutes of the Meetings of the MPAC

The MPAC minutes are included in the **ANNEXURE B**

10. Recommendations to Council

The council of a municipality must consider the annual report of the municipality and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council—

- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

Based on the above mentioned section of legislation, the resolution of Council at the meeting where the final version of the Oversight Report will be considered will be as follows:

- Council approves the 2015/16 Annual Report with reservations as included in the comments in the Oversight Report and;
- The Council having fully considered the 2015/16 Annual Report of the municipality and representations expressed made thereon, adopts the 2015/16 Oversight Report and;
- Council requests the Mayor to report to council on progress with execution of the corrective actions contained in the Oversight Report.

By doing so, the council complies with section 127(2) of the MFMA which stipulates that the Mayor must table the Annual Report within 7 months after the end of the financial period i.e by the **31 January 2017**.

Furthermore, the Council of Ndlambe Municipality would have met the requirement of engaging with and finalizing the Annual report within 9 months after the end of the financial period, which is the or before the **31 March 2017**.

11. ANNEXURE A: PRESENTATIONS AND SUBMISSION BY STAKEHOLDERS

OVERSIGHT REPORT 2015/2016

12. ANNEXURE B: MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE


ANNEXURE G

**SECTION 72- MID YEAR BUDGET AND
PERFORMANCE REPORT 2016/2017**

NDLAMBE MUNICIPALITY SECTION 72 – MID-TERM BUDGET AND PERFORMANCE REPORT



**Ndlambe
Municipality
2016/2017**

 **Sarah Baartman
DISTRICT MUNICIPALITY**

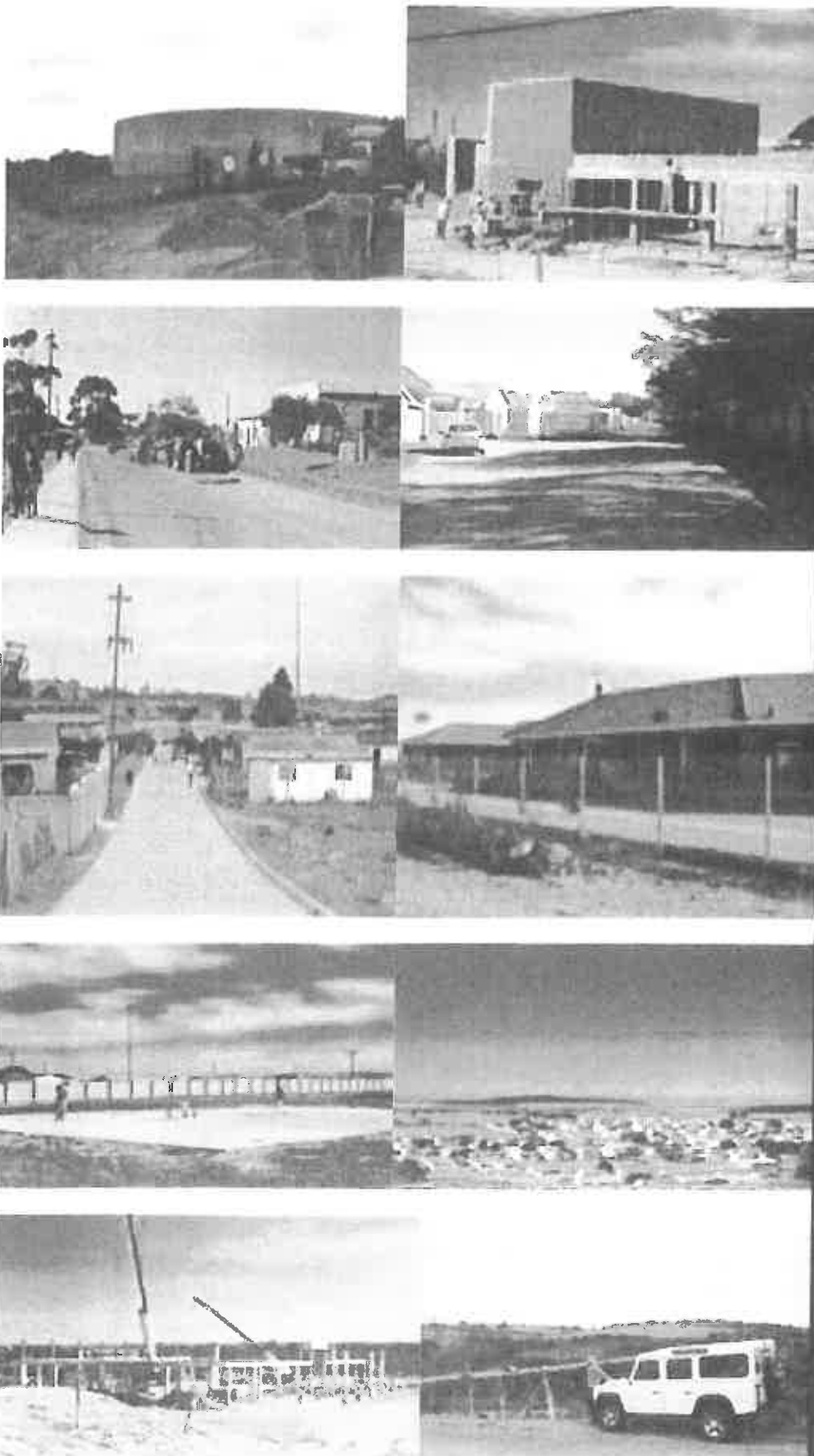


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PART 1 – IN-YEAR REPORTING

1.1 PURPOSE

The purpose of this report is to assess the financial performance and position of the municipality, as at 31 December 2016 and the consequential impact on the implementation of the approved 2015/2016 budget

1.2 LEGISLATIVE REQUIREMENT

In terms of Section 72(1)(a), (2), (3) and 52(d) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such assessment must in terms of Section 72(1)(b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

Once the Mayor has considered the report, he must submit the report to Council by 31 January in terms of Section 54 of the MFMA.

In terms of the Section 54 (1), (2) and (3) of the Municipal Finance Management Act No. 56, 2003 Chapter 7, the following applies: -

"(1) On receipt of a statement or report submitted by the accounting officer of the Municipality

In terms of section 72, the mayor must –

- (a) Consider the statement or report;
- (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (d) Issue any appropriate instructions to the accounting officer to ensure –
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget;
- (f) Submit the report to the Council by 31 January of each year."

The mid-year performance reports and supporting tables of the Ndlambe Municipality, prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulations.

1.3 MAYOR'S REPORT

The report will be inserted after the Mayor tabled the report to Council.

1.4 RESOLUTION

The resolution will be inserted after the Mayor tabled the report to Council.

1.5 EXECUTIVE SUMMARY

Introduction

The Municipal Manager as Accounting Officer of the municipality, is required by Section 72 of the Municipal Finance Management Act to submit a report to the Mayor of the Municipality, the National Treasury and the relevant Provincial Treasury by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the financial year.

The mid-year report is a critical stage in the in-year reporting cycle of a municipality. As part of the review, in terms of Section 72(3) of the Municipal Finance Management Act, the Accounting Officer needs to make recommendations as to whether the Service Delivery Budget Implementation Plans and both capital and operating budgets need to be adjusted.

Section 54 (1) of the Municipal Finance Management Act requires the Mayor to consider and then submit the mid-year report to Council by 31 January of each year.

It must be noted that the Section 52, Quarterly Budget Monitoring Report is incorporated in this report. Therefore, the requirements of Section 52 (f) of the Municipal Finance Management Act have been met in this mid-year Budget and Assessment Report.

The body of this report is detailed to such an extent that my comments in this executive summary will be limited to aspects that I feel need to be highlighted.

1.3.1 Capital Expenditure

EC105 Ndlambe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December

Vote Description	Ref	2015/16	Budget Year 2016/17							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital Expenditure - Standard Classification										
<i>Governance and administration</i>		559	279	279	46	1 511	139	1 372	984%	279
Executive and council	1	46	46	46	-	1 429	23	1 406	6115%	46
Budget and treasury office	538	129	129	129	-	10	65	(54)	-84%	129
Corporate services	20	104	104	104	46	71	52	19	38%	104
<i>Community and public safety</i>	558	2 875	2 875	2 875	80	182	1 437	(1 255)	-87%	2 875
Community and social services	405	2 655	2 655	2 655	80	182	1 328	(1 145)	-86%	2 655
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	153	200	200	200	-	-	100	(100)	-100%	200
Housing	-	-	-	-	-	-	-	-	-	-
Health	20	20	20	20	-	-	10	(10)	-100%	20
<i>Economic and environmental services</i>		32 203	21 631	21 631	2 424	12 450	10 816	1 634	15%	21 631
Planning and development	24 882	180	180	180	2 382	11 164	90	11 074	12305%	180
Road transport	7 316	21 451	21 451	21 451	43	1 285	10 726	(9 440)	-88%	21 451
Environmental protection	6	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		(2 603)	12 500	12 500	12	2 338	6 250	(3 912)	-63%	12 500
Electricity	183	5 680	5 680	5 680	-	-	2 840	(2 840)	-100%	5 680
Water	(2 786)	3 640	3 640	3 640	12	1 655	1 820	(165)	-9%	3 640
Waste water management		1 200	1 200	1 200	-	-	600	(600)	-100%	1 200
Waste management		1 980	1 980	1 980	-	683	990	(307)	-31%	1 980
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	30 718	37 285	37 285	2 562	16 481	18 642	(2 161)	-12%	37 285
Funded by:										
National Government		28 850	32 206	32 206	2 424	14 596	16 103	(1 507)	-9%	32 206
Provincial Government		56	-	-	-	-	-	-	-	-
District Municipality		73	-	-	-	2	-	2	#DIV/0!	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	5	28 979	32 206	32 206	2 424	14 598	16 103	(1 505)	-9%	32 206
Public contributions & donations	6	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-
Internally generated funds		1 739	5 078	5 078	137	1 884	2 539	(655)	-26%	5 078
Total Capital Funding		30 718	37 285	37 285	2 562	16 481	18 642	(2 161)	-12%	37 285

Budgeted Capital

July 2016 – June 2017

R 32 206 000

Actual Capital Expenditure

July 2016 – December 2016

R 16 481 000

It needs to be remembered that no provision was made since the 2011/2012 financial year for capital funded from internal sources. Directors have made numerous attempts to lobby for funding but have not been as successful as they were in the previous financial year. It is critical that the Ndlambe Council approves a capital budget from internal sources for the 2017/2018 financial year with funding provided through the operating budget as the infrastructure, plant and equipment is failing and needs serious attention to avoid breaks in the delivery of essential services.

The expenditure from the limited capital budget that we have is on track and all capital projects will be completed before 30 June 2017 funded mainly from grants. Every year the directors are encouraged to lobby for funds during the remainder of the financial year.

The above illustrates the Ndlambe Municipality's dependency on grant funding and this is a dangerous situation as grant funding will not always be available.

1.3.2 Operating Expenditure

Budgeted Expenditure	July 2016 – June 2017	R 374 998 000
Actual Expenditure	July 2016 – December 2016	R 148 156 000

There are many reasons as to why the actual expenditure is way below the budgeted expenditure but the main reasons can be attributed to the following;

- The budgeted income not been realized and this is partly due to bad budget planning
- The rapid increase in consumer debt as a result of an increase in both ratepayers and consumers not paying their accounts. This is the biggest challenge facing us at present but drastic steps are going to be implemented to rectify the matter.
- Poor planning and using the incremental budgeting method for all line items also impacts on budgets not been realistic

1.3.3. Operating Revenue

Budgeted Income	July 2016 – June 2017	R 374 077 000
Actual Income	July 2016 – December 2016	R 178 897 000

The actual income is distorted by the equitable share and grant money received that is in the process of been spent but if they were removed it is evident that income accrued is not been recovered and that credit control procedures have to be intensified to collect the income due so that expenditure can be incurred as budgeted for.

	Budgeted Income	Actual Income
Rates	R 96 999 000	R 45 137 000
Sewer	R 21 483 000	R 5 126 000
Water	R 49 775 000	R 15 974 000
Electricity	R 61 190 000	R 29 850 000
Refuse	R 25 418 000	R 5 988 000

1.3.4. Creditors

All creditors that's invoices were received by 31 December 2015 have been processed. Our top creditors are Investec Bank, Standard Bank, Eskom Holdings, KayJay Trading, Amatola Water Board, Mooifontein Quarry, Masiqhame Trading 797 CC, Price Waterhouse Coopers, Re-Solve Consulting and Skubie Trading CC.

ADV R DUMEZWENI
MUNICIPAL MANAGER

1.6 IN-YEAR BUDGET TABLES

The seven main budget tables, as required in terms of the municipal budget and reporting regulation, are included in this section of the report. These tables set out the municipality's 2016/2017 budget performance for the period of July 2016 to December 2016 and are to be noted by Council.

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

EC105 Ndlambe - Table C1 Monthly Budget Statement Summary -M06

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	76 545	96 999	96 999	6 644	45 137	48 500	(3 363)	-7%	96 999
Service charges	101 365	158 449	158 449	8 912	57 793	79 225	(21 431)	-27%	158 449
Investment revenue	2 068	626	626	654	1 477	313	1 164	372%	626
Transfers recognised - operational	84 028	95 930	95 930	27 842	64 043	47 965	16 077	34%	95 930
Other own revenue	15 178	22 072	22 072	1 911	10 447	11 036	(589)	-5%	22 072
Total Revenue (excluding capital transfers and contributions)	279 185	374 077	374 077	45 963	178 897	187 038	(8 142)	-4%	374 077
Employee costs	122 051	114 500	114 500	14 047	59 844	57 250	2 594	5%	114 500
Remuneration of Councillors	5 960	5 966	5 966	499	2 735	2 983	(248)	-8%	5 966
Depreciation & asset impairment	36 188	4 641	4 641	-	-	2 320	(2 320)	-100%	4 641
Finance charges	2 012	1 952	1 952	240	1 135	976	159	16%	1 952
Materials and bulk purchases	63 545	58 524	58 524	1 545	8 620	29 262	(20 642)	-71%	58 524
Transfers and grants	830	-	-	789	5 284	-	5 284	#DIV/0!	-
Other expenditure	91 315	188 415	188 415	17 547	70 539	94 207	(23 668)	-25%	188 415
Total Expenditure	321 900	373 998	373 998	34 666	148 156	186 999	(38 843)	-21%	373 998
Surplus/(Deficit)	(42 715)	79	79	11 296	30 740	39	30 701	77934 %	79
Transfers recognised - capital	32 575	32 206	32 206	4 226	13 562	16	13 546	84120 %	32 206
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(10 140)	32 285	32 285	15 522	44 302	55	44 247	79729 %	32 285
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	79729 %	-
Surplus/ (Deficit) for the year	(10 140)	32 285	32 285	15 522	44 302	55	44 247	79729 %	32 285
Capital expenditure & funds sources									
Capital expenditure	604 679	44 549	-	-	-	-	-	-	-
Capital transfers recognised	28 979	32 206	32 206	213	213	2 684	(2 471)	-92%	32 206
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	1 739	5 078	5 078	-	-	423	(423)	-100%	5 078
Total sources of capital funds	30 718	37 285	37 285	213	213	3 107	(2 894)	-93%	85
Financial position									
Total current assets	68 576	-	-	-	-	-	-	-	-
Total non-current assets	787 853	37 285	37 285	-	3 107	-	-	-	37 285
Total current liabilities	74 012	-	-	-	-	-	-	-	-
Total non-current liabilities	93 241	-	-	-	-	-	-	-	-
Community wealth/Equity	689 176	37 285	37 285	-	3 107	-	-	-	37 285
Cash flows									
Net cash from (used) operating	34 456	269 457	269 457	4 184	4 184	370 729	366 545	99%	-
Net cash from (used) investing	(30 723)	-	-	(213)	(213)	275	488	178%	-
Net cash from (used) financing	(7 738)	-	-	15	15	-	(15)	#DIV/0!	-
Cash/cash equivalents at the month/year end	24 716	269 457	269 457	-	3 986	371 004	367 018	99%	-
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	-	-	-	-	-	-	-	-	-
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Table C1 Monthly Budget Statement Summary

The aim of the budget summary is to provide a concise overview of the actual budget performance from all of the major financial perspective (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the actual amounts spent compared to the monthly budget projections within the context of operating performance, resources utilised for the capital expenditure, financial position, cash and funding compliance.

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

EC105 Ndlambe - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		159 320	181 887	181 887	35 308	116 505	96 310	20 196	21%	181 887
Executive and council		7 428	6 578	6 578	1 300	5 326	3 289	2 037	62%	6 578
Budget and treasury office		151 555	175 159	175 159	34 000	111 085	92 946	18 139	20%	175 159
Corporate services		337	150	150	9	95	75	20	27%	150
<i>Community and public safety</i>		6 967	12 880	12 880	485	3 014	6 440	(3 425)	-53%	12 880
Community and social services		2 338	5 671	5 671	271	1 325	2 836	(1 511)	-53%	5 671
Sport and recreation		-	137	137	-	-	69	(69)	100%	137
Public safety		1 989	1 307	1 307	119	882	653	228	35%	1 307
Housing		1 191	3 982	3 982	82	(3)	1 991	(1 995)	100%	3 982
Health		1 449	1 782	1 782	13	811	891	(80)	-9%	782
<i>Economic and environmental services</i>		20 488	29 044	29 044	5 493	15 746	14 522	1 224	8%	29 044
Planning and development		16 729	4 157	4 157	4 278	12 810	2 078	10 731	516%	4 157
Road transport		2 885	23 734	23 734	627	2 037	11 867	(9 830)	-83%	23 734
Environmental protection		874	1 153	1 153	588	899	577	323	56%	1 153
<i>Trading services</i>		124 985	182 472	182 472	10 393	67 019	91 236	(24 216)	-27%	182 472
Electricity		55 594	67 983	67 983	4 799	30 665	33 991	(3 326)	-10%	67 983
Water		49 283	64 617	64 617	3 631	22 184	32 308	(10 124)	-31%	64 617
Waste water management		7 473	21 551	21 551	712	5 134	10 776	(5 641)	-52%	21 551
Waste management		12 656	28 321	28 321	1 251	9 036	14 160	(5 125)	-36%	28 321
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	311 760	406 283	406 283	51 679	202 285	208 507	(6 222)	-3%	406 283
Expenditure - Standard										
<i>Governance and administration</i>		83 900	83 246	83 246	9 101	49 448	41 623	7 826	19%	83 246
Executive and council		53 833	40 850	40 850	2 307	11 184	20 425	(9 241)	-45%	40 850
Budget and treasury office		18 654	29 480	29 480	5 533	32 737	14 740	17 997	122%	29 480
Corporate services		11 413	12 915	12 915	1 260	5 527	6 458	(930)	-14%	12 915
<i>Community and public safety</i>		40 463	46 184	46 184	5 056	19 888	23 092	(3 204)	-14%	46 184
Community and social services		19 010	20 113	20 113	2 323	9 366	10 056	(690)	-7%	20 113
Sport and recreation		1 690	2 096	2 096	164	625	1 048	(423)	-40%	2 096
Public safety		15 795	17 977	17 977	2 083	7 971	8 988	(1 017)	-11%	17 977
Housing		2 205	3 043	3 043	199	817	1 521	(704)	-46%	3 043
Health		1 763	2 955	2 955	287	1 109	1 478	(369)	-25%	2 955
<i>Economic and environmental services</i>		60 541	57 387	57 387	7 642	28 136	28 693	(557)	-2%	57 387
Planning and development		24 719	35 603	35 603	4 226	13 426	17 801	(4 375)	-25%	35 603
Road transport		33 395	17 924	17 924	3 027	13 416	8 962	4 454	50%	17 924
Environmental protection		2 427	3 860	3 860	390	1 293	1 930	(637)	-33%	3 860
<i>Trading services</i>		138 996	187 182	187 182	14 357	60 510	93 591	(33 082)	-35%	187 182
Electricity		59 286	66 430	66 430	7 359	25 652	33 215	(7 563)	-23%	66 430
Water		40 968	60 185	60 185	3 206	18 116	30 092	(11 977)	-40%	60 185
Waste water management		18 446	30 428	30 428	2 136	8 251	15 214	(6 963)	-46%	30 428
Waste management		18 296	30 139	30 139	1 656	8 491	15 070	(6 579)	-44%	30 139
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	321 900	373 999	373 999	36 156	157 982	186 999	(29 017)	-16%	373 999
Surplus/ (Deficit) for the year		(10 140)	32 284	32 284	15 523	44 303	21 508	22 795	106%	32 284

Table C2 Monthly Budget Statement - Financial Performance (standard classification)

The standard classification refers to modified government finance statistics (GFS) reporting structure. The aim of the standard approach is to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities.

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

EC105 Ndlambe - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Re f	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - COUNCIL GENERAL		7 413	6 380	6 380	1 288	5 228	3 190	2 038	63.9%	6 380
Vote 2 - MUNICIPAL MANAGER		21	219	219	181	577	109	468	428.2%	219
Vote 3 - CORPORATE SERVICES		2 454	3 043	3 043	227	1 151	1 522	(371)	-24.4%	3 043
Vote 4 - COMMUNITY PROTECTION SERVICES		15 198	32 057	32 057	1 905	11 008	16 029	(5 021)	-31.3%	32 057
Vote 5 - COMMUNITY PROTECTION SERVICES		3 585	2 921	2 921	285	2 261	1 461	801	54.8%	2 921
Vote 6 - INFRASTRUCTUREDEVELOPMENT		25 318	53 704	53 704	5 362	18 002	26 852	(8 849)	-33.0%	53 704
Vote 7 - INFRASTRUCTURE DEVELOPMENT		1 288	201	201	2	124	100	24	23.5%	201
Vote 8 - ELETRICITY SERVICES		55 668	67 983	67 983	4 799	30 665	33 991	(3 326)	-9.8%	67 983
Vote 9 - WATER SERVICES		49 263	64 617	64 617	3 631	22 184	32 308	(10 124)	-31.3%	64 617
Vote 10 - FINANCIAL SERVICES		151 555	175 159	175 159	34 000	111 085	87 580	23 505	26.8%	159
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	311 760	406 283	406 283	51 579	202 285	203 141	(856)	-0.4%	406 283
Expenditure by Vote	1									
Vote 1 - COUNCIL GENERAL		49 857	36 187	36 187	1 856	8 863	18 093	(9 231)	-51.0%	36 187
Vote 2 - MUNICIPAL MANAGER		7 931	15 645	15 645	2 220	8 605	7 823	782	10.0%	15 645
Vote 3 - CORPORATE SERVICES		16 206	15 618	15 618	1 930	7 256	7 809	(553)	-7.1%	15 618
Vote 4 - COMMUNITY PROTECTION SERVICES		37 250	54 759	54 759	4 244	18 512	27 380	(8 868)	-32.4%	54 759
Vote 5 - COMMUNITY PROTECTION SERVICES		13 724	15 420	15 420	1 710	7 172	7 710	(539)	-7.0%	15 420
Vote 6 - INFRASTRUCTUREDEVELOPMENT		65 800	73 035	73 035	7 236	28 215	36 517	(8 302)	-22.7%	73 035
Vote 7 - INFRASTRUCTURE DEVELOPMENT		8 324	2 324	2 324	246	999	1 162	(163)	-14.1%	2 324
Vote 8 - ELETRICITY SERVICES		63 187	71 728	71 728	7 973	27 436	35 864	(8 428)	-23.5%	71 728
Vote 9 - WATER SERVICES		40 968	60 185	60 185	3 206	18 116	30 092	(11 977)	-39.8%	60 185
Vote 10 - FINANCIAL SERVICES		18 654	29 098	29 098	5 535	32 810	14 549	18 261	125.5%	29 098
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	321 900	373 999	373 999	36 156	157 982	186 999	(29 017)	-15.5%	373 999
Surplus/ (Deficit) for the year	2	(10 140)	32 284	32 284	15 522	44 303	16 142	28 161	174.5%	32 284

Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget report table is represented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segment into which budget of a municipality is divided into, for the appropriation of funds.

EC105 Ndlambe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		76 545	96 999	96 999	6 644	45 137	48 500	(3 363)	-7%	96 999
Property rates - penalties & collection charges		-	-	-	-	-	-	-		-
Service charges - electricity revenue		54 953	61 190	61 190	2 512	29 850	30 595	(745)	-2%	61 190
Service charges - water revenue		26 820	49 775	49 775	2 626	15 974	24 887	(8 913)	-36%	49 775
Service charges - sanitation revenue		7 203	21 483	21 483	704	5 126	10 742	(5 615)	-52%	21 483
Service charges - refuse revenue		12 350	25 418	25 418	842	5 988	12 709	(6 721)	-53%	25 418
Service charges - other		38	582	582	2 227	855	291	564	194%	582
Rental of facilities and equipment		1 268	4 520	4 520	101	843	2 260	(1 417)	-63%	4 520
Interest earned - external investments		2 068	626	626	654	1 477	313	1 164	372%	626
Interest earned - outstanding debtors		6 503	6 822	6 822	568	3 239	3 411	(173)	-5%	6 822
Dividends received		-	-	-	-	-	-	-		-
Fines		456	369	369	33	247	184	63	34%	369
Licences and permits		3 600	3 252	3 252	127	684	1 626	(942)	-58%	3 252
Agency services		-	-	-	-	-	-	-		-
Transfers recognised - operational		84 028	95 930	95 930	27 842	64 043	47 965	16 077	34%	95 930
Other revenue		3 352	6 560	6 560	1 082	5 415	3 280	2 135	65%	6 560
Gains on disposal of PPE		-	549	549	-	19	275	(256)	-93%	549
Total Revenue (excluding capital transfers and contributions)		279 185	374 077	374 077	45 963	178 897	187 038	(8 142)	-4%	374 077
Expenditure By Type										
Employee related costs		122 051	114 500	114 500	14 047	59 844	57 250	2 594	5%	114 500
Remuneration of councillors		5 960	5 966	5 966	499	2 735	2 983	(248)	-8%	5 966
Debt impairment		15 053	14 351	14 351	-	-	7 176	(7 176)	-100%	14 351
Depreciation & asset impairment		36 188	4 641	4 641	-	-	2 320	(2 320)	-100%	4 641
Finance charges		2 012	1 952	1 952	240	1 135	976	159	16%	1 952
Bulk purchases		50 508	58 524	58 524	1 545	8 620	29 262	(20 642)	-71%	58 524
Other materials		13 037	-	-	-	-	-	-		-
Contracted services		17 556	18 814	18 814	-	-	9 407	(9 407)	-100%	18 814
Transfers and grants		830	-	-	789	5 284	-	5 284	#DIV/0!	-
Other expenditure		57 347	155 094	155 094	17 547	70 539	77 547	(7 008)	-9%	155 094
Loss on disposal of PPE		1 359	156	156	-	-	78	(78)	-100%	156
Total Expenditure		321 900	373 998	373 998	34 666	148 156	186 999	(38 843)	-21%	373 998
Surplus/(Deficit)		(42 715)	79	79	11 296	30 740	39	30 701	1	79
Transfers recognised - capital		32 575	32 206	32 206	4 226	13 562	#####	(2 541)	(0)	32 206
Contributions recognised - capital		-	-	-	-	-	-	-		-
Contributed assets		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		(10 140)	32 285	32 285	15 522	44 302	16 143			32 285
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		(10 140)	32 285	32 285	15 522	44 302	16 143			32 285
Attributable to minorities		-	-	-	-	-	-	-		-
Surplus/(Deficit) attributable to municipality		(10 140)	32 285	32 285	15 522	44 302	16 143			32 285
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year		(10 140)	32 285	32 285	15 522	44 302	16 143			32 285

Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure)

The financial performance budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the monthly result, the monthly budget- to-date projections and the original budget, so as to assess performance.

EC105 Ndlambe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - COUNCIL GENERAL		-	-	-	-	-	-	-		-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-		-
Vote 4 - COMMUNITY PROTECTION SERVICES		-	-	-	-	-	-	-		-
Vote 5 - COMMUNITY PROTECTION SERVICES		-	-	-	-	-	-	-		-
Vote 6 - INFRASTRUCTURE DEVELOPMENT		-	-	-	-	-	-	-		-
Vote 7 - INFRASTRUCTURE DEVELOPMENT		-	-	-	-	-	-	-		-
Vote 8 - ELETRICITY SERVICES		-	5 500	5 500	-	-	2 750	(2 750)	-100%	5 500
Vote 9 - WATER SERVICES		-	-	-	-	-	-	-		-
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	-		-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-		-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-		-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	5 500	5 500	-	-	2 750	(2 750)	-100%	5 500
Single Year expenditure appropriation	2									
Vote 1 - COUNCIL GENERAL		0	-	-	-	1 406	-	1 406	#DIV/0!	-
Vote 2 - MUNICIPAL MANAGER		12	150	150	46	76	75	2	2%	150
Vote 3 - CORPORATE SERVICES		64	-	-	-	23	-	23	#DIV/0!	-
Vote 4 - COMMUNITY PROTECTION SERVICES		354	2 555	2 555	80	861	1 277	(417)	-33%	2 555
Vote 5 - COMMUNITY PROTECTION SERVICES		153	200	200	-	-	100	(100)	-100%	200
Vote 6 - INFRASTRUCTURE DEVELOPMENT		32 198	24 931	24 931	2 424	12 450	12 466	(16)	0%	24 931
Vote 7 - INFRASTRUCTURE DEVELOPMENT		-	-	-	-	-	-	-		-
Vote 8 - ELETRICITY SERVICES		183	180	180	-	-	90	(90)	-100%	180
Vote 9 - WATER SERVICES		(2 786)	3 640	3 640	12	1 655	1 820	(165)	-9%	3 640
Vote 10 - FINANCIAL SERVICES		538	129	129	-	10	65	(54)	-84%	129
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-		-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-		-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	30 718	31 785	31 785	2 562	16 481	15 892	589	4%	31 785
Total Capital Expenditure		30 718	37 285	37 285	2 562	16 481	18 642	(2 161)	-12%	37 285
Capital Expenditure - Standard Classification										
Governance and administration		559	279	279	46	1 511	139	1 372	984%	279
Executive and council		1	46	46	-	1 429	23	1 406	6115%	46
Budget and treasury office		538	129	129	-	10	65	(54)	-84%	129
Corporate services		20	104	104	46	71	52	19	38%	104
Community and public safety		558	2 875	2 875	80	182	1 437	(1 255)	-87%	2 875
Community and social services		405	2 655	2 655	80	182	1 328	(1 145)	-86%	2 655
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		153	200	200	-	-	100	(100)	-100%	200
Housing		-	-	-	-	-	-	-		-

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Health			20	20	-	-	10	(10)	-100%	20
Economic and environmental services		32 203	21 631	21 631	2 424	12 450	10 816	1 634	15%	21 631
Planning and development		24 882	180	180	2 382	11 164	90	11 074	12305%	180
Road transport		7 316	21 451	21 451	43	1 285	10 726	(9 440)	-88%	21 451
Environmental protection		6	-	-	-	-	-	-		-
Trading services		(2 603)	12 500	12 500	12	2 338	6 250	(3 912)	-63%	12 500
Electricity		183	5 680	5 680	-	-	2 840	(2 840)	-100%	5 680
Water		(2 786)	3 640	3 640	12	1 655	1 820	(165)	-9%	3 640
Waste water management			1 200	1 200	-	-	600	(600)	-100%	1 200
Waste management			1 980	1 980	-	683	990	(307)	-31%	1 980
Other			-	-	-	-	-	-		-
Total Capital Expenditure - Standard Classification	3	30 718	37 285	37 285	2 562	16 481	18 642	(2 161)	-12%	37 285
Funded by:										
National Government		28 850	32 206	32 206	2 424	14 596	16 103	(1 507)	-9%	32 206
Provincial Government		56	-	-	-	-	-	-		-
District Municipality		73	-	-	-	2	-	2	#DIV/0!	-
Other transfers and grants			-	-	-	-	-	-		-
Transfers recognised - capital	5	28 979	32 206	32 206	2 424	14 598	16 103	(1 505)	-9%	2 206
Public contributions & donations							-	-		
Borrowing	6						-	-		
Internally generated funds		1 739	5 078	5 078	137	1 884	2 539	(655)	-26%	5 078
Total Capital Funding		30 718	37 285	37 285	2 562	16 481	18 642	(2 161)	-12%	37 285

Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification, and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial department

EC105 Ndlambe - Table C6 Monthly Budget Statement - Financial Position - M06
December

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		7 228				
Call investment deposits		24 127				
Consumer debtors		21 828				
Other debtors		14 668				
Current portion of long-term receivables		-				
Inventory		724				
Total current assets		68 576	-	-	-	-
Non-current assets						
Long-term receivables		-				
Investments		-				
Investment property		189 464				
Investments in Associate		-				
Property, plant and equipment		597 591	37 285	37 285	-	37 285
Agricultural		-				
Biological assets		-				
Intangible assets		301				
Other non-current assets		496				
Total non-current assets		787 853	37 285	37 285	-	37 285
TOTAL ASSETS		856 429	37 285	37 285	-	37 285
LIABILITIES						
Current liabilities						
Bank overdraft		-				
Borrowing		1 990				
Consumer deposits		1 749				
Trade and other payables		59 183				
Provisions		11 089				
Total current liabilities		74 012	-	-	-	-
Non-current liabilities						
Borrowing		72 925				
Provisions		20 316				
Total non-current liabilities		93 241	-	-	-	-
TOTAL LIABILITIES		167 253	-	-	-	-
NET ASSETS	2	689 176	37 285	37 285	-	37 285
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		689 176	32 284	32 284	-	32 284
Reserves		-	5 001	5 001	-	5 001
TOTAL COMMUNITY WEALTH/EQUITY	2	689 176	37 285	37 285	-	37 285

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

EC105 Ndlambe - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	R a f	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		76 545	96 999	96 999	5 778	41 487	48 500	(7 012)	-14%	96 999
Service charges		89 272	158 449	158 449	8 347	56 140	79 225	(23 085)	-29%	158 449
Other revenue		3 590	14 700	14 700	2 036	21 471	7 350	14 121	192%	14 700
Government - operating		84 028	95 930	95 930	40 061	109 364	47 965	61 399	128%	95 930
Government - capital		32 575	32 206	32 206	19 695	51 676	16 103	35 573	221%	32 206
Interest		8 571	7 448	7 448	7	33	3 724	(3 691)	-99%	7 448
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(255 331)	(203 215)	(203 215)	(73 736)	(249 189)	#####	147 581	-145%	(203 215)
Finance charges		(2 012)	(1 952)	(1 952)	(240)	(1 135)	-976 045.00	159	-16%	952
Transfers and Grants		(2 783)	(1 149)	(1 149)	(2 576)	(8 997)	-574 375.00	8 423	-1466%	(1 149)
NET CASH FROM/(USED) OPERATING ACTIVITIES		34 456	199 417	199 417	(627)	20 851	99 709	78 858	79%	199 417
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-			-	-	-	-		
Decrease (increase) in non-current debtors		-			-	-	-	-		
Decrease (increase) other non-current receivables		-			-	-	-	-		
Decrease (increase) in non-current investments		-			-	-	-	-		
Payments										
Capital assets		(30 723)	(31 785)	(31 785)	(2 562)	(16 481)	(15 892)	589	-4%	(31 785)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(30 723)	(31 785)	(31 785)	(2 562)	(16 481)	(15 892)	589	-4%	(31 785)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-			-	-	-	-		
Borrowing long term/refinancing		(3 893)			-	-	-	-		
Increase (decrease) in consumer deposits		49			14	74	-	74	#DIV/0!	
Payments										
Repayment of borrowing		(3 893)			-	-	-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		(7 738)	-	-	14	74	-	(74)	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD		(4 005)	167 633	167 633	(3 174)	4 443	83 816			167 633
Cash/cash equivalents at beginning:		28 721				(15 104)	-			(15 104)
Cash/cash equivalents at month/year end:		24 716	167 633	167 633		(10 661)	83 816			152 529

Table C7 Monthly Budget Statement - Cash Flow

The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

It reflects the expected cash inflows versus outflows that are likely to result from then implementation of the budget.

2.1 DEBTORS ANALYSIS

Debtors Arrears and Payment Levels

Total Debt due as at 31 December 2016	107 797 262
Less: Current – Accounts been processed	8 362 822
30 Days – Accounts in process of payment	<u>7 746 347</u>
Arrear Debt	91 688 093

Average turnover rate (average should be 11.5% - 15%)

As previously stated, the priority of the finance directorate is to ensure that all debt due to the municipality is recovered and that the policy of Council is amended to bring in stringent measures against defaulters.

Analyses of Outstanding Debtors as at 31 December 2016

Detail	0 - 30 Days	31 - 60 days	61 - 90 days	91 - 120 days	Total
Debtors - Age Analysis by income					
Water Tariffs	950 072	1 973 169	2 069 348	20 871 508	25 864 097
Electricity Tariffs	3 697 219	1 706 543	1 181 689	6 382 220	12 967 671
Rates (Property Rates)	5 725 695	2 762 504	2 180 875	23 439 184	34 108 258
Sewerage / Sanitation Tariffs	431 528	450 134	863 628	9 968 163	11 713 453
Refuse removal Tariffs	652 897	508 928	813 837	9 422 985	11 398 647
Housing (Rental Income)	-69 056	2 738	37 627	352 069	323 018
Other	-3 025 533	342 331	878 874	13 226 445	11 422 117
Total By Income Source	8 362 822	7 746 347	8 025 519	83 662 573	107 797 262
Debtors - Age Analysis by Customer Group					
Government	-261 231	211 192	152 028	2 459 040	2 561 029
Business	1 189 339	834 057	197 973	687 015	2 908 384
Households	7 434 714	6 701 097	7 675 520	80 516 518	102 327 849
Other					
Total by Customer Group	8 362 822	7 746 347	8 025 519	83 662 573	107 797 262

2.2 CREDITORS ANALYSIS

Top ten (10) Creditors:

CREDITOR	PAYMENT	OUTSTANDING			
		30 DAYS	60 DAYS	90 DAYS +	TOTAL
Investec Bank	27 146 756				
Standard Bank	16 287 894				
Eskom Holdings	8 039 380				
KayJay Trading	1 875 641				
Amatola Water Board	1 154 325				
Moolfontein Quarry	813 510				
Masiqhame Trading 797 Cc	772 500				
Price Waterhouse Coopers (PWC)	676 020				
Re-Solve Consulting	627 500				
Skubie Trading Cc	580 436				
Total Creditors Outstanding	57 973 962	0.00	0.00	0.00	0.00

The current economic climate in the country, as well as the Council's Indigent policy prior to the change thereof, had an influence.

2.2.1 Financial Performance Analysis**Cash Management**

Amendments to the credit control and indigent policies were approved by Council during June 2016.

These amendments were communicated to the community before implementation. The effect of these changes on debt collection will only be visible in the second half of the financial year. It is expected that the cash flow position of the municipality will improve as a result of the stricter measures.

Cash on hand		R 3 598 330
Total value of investments	(Annexure 10.2)	R 47 313 498
Total Loans		R13 359 717

2.3 INVESTMENT ANALYSIS

Investments as at 31 December 2016

BANK	BALANCES @ 01/12/2016 R	WITHDRAWN R	TRANSFER TO RETENTION R	INVESTED R	INT TO CRR ACC R	INTEREST REC R	BALANCES 31/12/2016 R
NRB	73 921.70	0	0	0	0	0	73 921.70
FNB	12 911 734.65	0	0	91 098.79	0	33 862.79	13 036 696.23
STANDARD BANK	4 381 191.48	3 866 808.77	0	10 959 000.00	33 823.82	56 330.27	11 495 889.16
INVESTEC	6 091 222.37	10 751 196.30	0	27 146 755.59	57 274.97	149 778.11	22 579 284.80
OLD MUTUAL SHARES	118 445.25	0	0	0	0	9 261.00	127 706.25
TOTAL	23 576 515.45	14 618 005.07	0	38 196 854.38	91 098.79	249 232.17	47 313 498.14

2.4 ALLOCATION AND GRANTS RECEIPTS AND EXPENDITURE AS AT 31 DECEMBER 2016

Grant Name	Funder	Opening Balance 1/07/2016	Grants received for the year	Revenue Recognised - capital	Revenue Recognised- operating-	Adjustment made for the year	Unspent conditional grants at year end per GL
FINANCIAL MANAGEMENT GRANT (FMG)	NATIONAL TREASURY	0	1 825 000	38 043	878 277	0	908 680
E C SPORT: LIBRARY GRANT	DSRAC	3 735 375	1 499 940	4 990	1 475 383	0	3 754 942
LG SETA	SETA	0	43 787	0	13 286	0	30 501
FIRE OFFICERS	SBDM	0	375 000	0	0	0	375 000
EC 2 ND GREENEST TOWN	SBDM	167 168	0	167 168	0	0	0
PUBLIC WORKS: EPWP	EPWP	0	700 000	0	702 267	0	0
EQUITABLE SHARE: COUNCILLORS ALLOWANCE	DPLG	0	3 799 000	0	2 969 558	0	929 442
EQUITABLE SHARE: WARD COMMITTEE	DPLG	0	650 000	0	60 900	0	589 100
ACCELERATED INFRASTRUCTURE PROGRAM	DWA	0	7 000 995	0	7 000 9950	0	0
INEG	NATIONAL TREASURY	0	3 500 000	0	0	0	3 500 000
MUNICIPAL INFRASTRUCTURE GRANT: PMU	NATIONAL TREASURY	0	1 302 700	0	741 763	0	560 937
UPGRADE WATER AND SEWER: MIG	NATIONAL TREASURY	0	1 626 394	1 626 394	0	0	0
UPGRADING OF ROADS: MIG	NATIONAL TREASURY	0	16 561 966	16 561 966	0	0	0

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Grant Name	Funder	Opening Balance 1/07/2016	Grants received for the year	Revenue Recognised - capital	Revenue Recognised- operating-	Adjustment made for the year	Unspent conditional grants at year end per GL
WASTE MANAGEMENT	SBDM	1 137 000	912 000	778 790	566 434	0	703 777
ESSENTIAL OILS	SBDM	327 511	0	0	120 239	0	207 272
IDC CHICORY	IDC	848 840	0	0	280 570	0	568 827
TOTAL		6 215 894	39 796 782	19 139 308	14 809 672	0	12 128 478

2.5 COUNCILLORS AND EMPLOYEES BENEFITS

	Budget R	YTD Actual R	YTD Budget R
Salaries	81 815 951	39 186 412	40 852 923
Overtime	3 418 402	4 540 526	1 707 747
Allowances	2 027 330	1 767 589	1 002 934
Allowances: Telephone	327 076	153 755	169 648
Housing Subsidies	674 627	506 292	337 284
Vehicle Subsidies	3 198 666	1 402 861	1 599 282
Group Insurance	989 096	223 927	494 424
Medical Aid	7 024 341	4 136 926	3 512 064
Pension Fund	10 695 687	5 508 540	5 347 734
U.I.F.	1 078 374	374 351	538 550
Industrial Levy	48 170	22 502	23 900
Uniforms	573 655	105 887	286 788
Casuals	4 319 564	1 913 985	2 157 411
TOTAL	116 190 939	59 843 553	58 030 689
Councillors Allowances	2 816 886	2 689 599	1 408 440

2.6 OVERTIME

Overtime	2016/2017 Annual Budget Analysis of Overtime R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R
Council General	10 000	5 831	0	5 831
Municipal Manager	58 000	33 824	41 654	-7 830
Finance Directorate	262 673	153 209	103 295	49 914
Corporate Services	0	0	20 309	-20 309
Infrastructure Development	1 966 917	724 633	2 802 768	-2 078 135
Community/ Protection Services	1 815 445	1 058 967	1 466 397	-407 430

2.7 MATERIAL VARIANCE TO THE SERVICE DELIVERY AND BUDGET IMPLIMENTATION

Under spending on Infrastructural Development

UNDER SPENDING ON EXPENDITURE				
Directorate	Total Budget as at 31/12/2016	YTD Expenditure as at 31/12/2016	YTD Budget as at 31/12/2016	% Utilised of total budget
Sanitation	2 143 550	634 269	1 071 775	30
General Works	11 612 936	599 478	5 806 468	5
Roads	15 245 414	12 441 571	7 622 707	82
Sewerage	9 924 155	5 950 499	4 962 078	60
Building Control	2 476 373	947 023	1 238 187	38
T. Engineer	6 823 952	3 671 238	3 411 976	54
Workshop	2 920 424	1 114 192	1 460 212	38
Project Management Unit	1 520 701	255 085	760 351	17
Estates	1 416 624	823 247	708 312	58
Town Plan	2 324 046	998 596	1 162 023	43
Housing	9 131 893	3 952 797	4 565 947	43
Electricity	71 728 001	27 436 479	35 864 001	38
Water	32 395 861	13 857 502	16 197 931	43
	169 663 930	72 681 974	84 831 965	43

Reason for understanding

A large amount of expenditure for December is only paid in January so at mid-year the votes will show under spending. (Example: Eskom account for December is only paid in January so it is not shown as expenditure for December as yet.

2.8 CAPITAL PROJECTS IN-PROGRESS**Infrastructural Development: Projects Progress Report for the 2016/2017 Financial Year**

This report is prepared in terms of the Division of Revenue Act as amended in 21 February 2014. The objective of this report is to show the Conditional grant allocations for the 2016/2017 as per the Dora Bill and the progress in terms of the expenditure. This includes in-kind allocations and other grants received from Sector Departments.

Financial progress report as per allocations for the 2016/2017 Financial Year is as follows:

GRANT	ALLOCATION	BUDGET 2016/2017 FY	EXPENDITURE AS AT DECEMBER 2016	BALANCE	% SPENT TO DATE	COMMENTS
MIG	R26 054 000	R26 054 000	R 16 272 226.55	R 9 781 773. 45	62%	Grant will be fully spent by end of June 2017
EPWP	R 1 000 000	R 1 000 000	R 672 832.00	R 327 168. 00	67%	Grant will be fully spent by end of 2017
ACIP	R 9 995 000.00	R 9 995 000.00	R 7 526 469.3	R 2 468 530.70	75%	Grant will be fully spent by end of June 2017
RBIG	R 79 000.00	*R 79 000.00	R 104 000.00	R 0	131%	An additional amount which will be added but not yet confirmed in writing.

2.9 CAPITAL PROGRAMME PERFORMANCE

Capital expenditure by month:

July	August	September	October	November	December
213 299	1 794 271	3 835 647	2 638 976	5 437 729	2 561 518

Challenges

As at 31 December 2016 there have been no challenges encountered with any of the capital programs.

2.9 OTHER SUPPORTING DOCUMENTS

2.9.1 Adjustments Budget

Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia for the following:

“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year.

Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year.”

Accordingly a report on adjustments to the budget will be submitted to Council for consideration before 28 February 2017.

2.9.2 Annual Report

The Annual Report has to be tabled in Council by end January each year. MPAC oversight report on the annual report has to be tabled in Council before end March each year.

2.9.3 Supply Chain Management

Items of income and expenditure with major deviations from the budget are as follows:

Seq	Year	Month	Supplier	Details	Reason per form	R
1	2016	July	Bushmans Rest Trust	Hire of chipping yard - BRM Landfill Site/KOSRA matter	5	3 420.00
2	2016	July	Resort Plant Hire & Machinery Sales cc	Hire of chipper & supervision - BRM Landfill Site/KOSRA matter		
3	2016	July	P G Glass	Rear window - Peugeot 307 - Manzana	5	13 680.00
4	2016	July	Ndlambe Security	Security at BRM Landfill Site/KOSRA matter	5	4 895.16
5	2016	July	Universal Equipment	Repair PTO - Water Truck	5	11 340.00
6	2016	July	Wimpy Port Alfred	Lunches - Government Officials	None	4 457.40
7	2016	July	M Madlebe	Refund - Accommodation - KWT - Draft Regulations Consultation	None	1 626.20
8	2016	July	NVN Electrical	Sewer Pump Repairs - KwaNqubela	5	600.00
9	2016	July	Planet Ocean cc t/a Sky Alarms	Alarm monitoring - Alexandria Library	1	2 230.00
10	2016	July	Talk Of The Town	Publication - Notice 96/2016	5	250.00
11	2016	July	Talk Of The Town	Publication - Notice - Vacancies: Senior Clerk & Executive Secretary	2	1 728.24
12	2016	July	Times Media	Publication - Notice - Vacancies: Senior Clerk & Executive Secretary	2	1 866.50
13	2016	July	One Stop Supermarket	Supplies - Mandela Day Sports Day	None	11 638.26
14	2016	July	One Stop Supermarket	Supplies - Mandela Day Sports Day	5	7 810.00
15	2016	July	Fleet Dynamics	Mirror Brackets - Sanitation Truck - for COF	5	700.00
16	2016	July	Buyele Kaya Trading CC	Refuse Removal - Kleinemonde to PA	None	3 276.36
17	2016	July	Rennies Travel	Travel & Accom - mSCOA & Clean Audit Workshop - JHB - M Klaas	5	188 400.00
18	2016	July	Phuhlani General Trading	Truck Hire - Refuse Removal	None	11 023.24
19	2016	July	Postma & Postma	Strip & Test motor - supply 15Kw motor coupling - PA Pump Station 2	1	2 600.00
20	2016	July	Broom Engineering	Quick Release Valves - Vacuum Tanker	1	17 582.22
21	2016	July	South African Council for Planners (SACPLAN)	Annual Fees for Professional Registration	None	20 213.57
					None	750.00

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Seq	Year	Month	Supplier	Details	Reason per form	R
22	2016	July	Manelec Services	Replace faulty prepaid meters - Alexandria	None	12 365.00
23	2016	July	Planet Ocean cc t/a Sky Alarms	Alarm monitoring - Dr I K Mabindisa Library	None	540.00
24	2016	July	UNISA	Fees - Ms N V Mfo	None	5 530.00
25	2016	July	Manelec Services	Floodlights - KwaNonqubela Sports Field	1	476 543.94
26	2016	July	Howard Consulting & Technical Support	Repair assessment fee - Bosch recording system - Council Chamber	None	798.00
27	2016	July	Qualitec Management Systems	Training - concrete paving manufacture	None	11 000.00
28	2016	July	Lyceum College	Studies - Mrs J Nel	5	14 200.00
29	2016	July	V & A Air Conditioning	Maintenance - Air Conditioners - Finance Dept	5	5 487.96
30	2016	August	Mr Radiator	Radiator - Sanitation Truck	None	5 608.80
31	2016	August	Algoascope (Pty) Ltd	Repairs to Disc Plough	None	6 700.00
32	2016	August	Wimpy Port Alfred	Lunches - Council Meeting dd 18/08/2016	None	3 975.50
33	2016	August	NVN Electrical	Electrical fault repair - Bathurst WTW	1	760.00
34	2016	August	NVN Electrical	Electrical fault repair - Nemato Sewer Pump Station	1	920.00
35	2016	August	Moepeng Trading 10 CC	Lunches - Learners	None	8 160.00
36	2016	August	Manelec Services	Alexandria & Port Alfred - electrical maintenance, disconnections, reconnections	None	11 723.72
37	2016	August	Manelec Services	Wharf Street - relay & lower underground cables	None	12 711.00
38	2016	August	M Matinise	Transport learners from Alex to PA & return	None	2 550.00
39	2016	August	Planet Ocean cc t/a Sky Alarms	Alarm monitoring - Alexandria Library	None	250.00
40	2016	August	Rapid Effects cc t/a Legal Track	Legal excess claim - M Oosthuizen	5	5 158.94
41	2016	August	Sunday Times	Advertisement - Municipal Manager vacancy	5	24 470.23
42	2016	August	Universal Equipment	Compactor - automatic gearbox repairs	None	27 307.56
43	2016	August	ITR Technology	Annual Fee - software maintenance & support	5	6 896.54
44	2016	August	Lyceum College	Studies - Ntombise Lenya	None	5 600.00
45	2016	August	Princes Lodge	Wi-fi & Catering Service - Audit Committee - 23/08/2016	None	390.00
46	2016	August	Daily Dispatch	Advertisement - Municipal Manager vacancy	5	8 857.80
47	2016	August	Princes Lodge	Accommodation & conference facility usage - 2016 AFS prep	5	48 175.00
48	2016	August	Phuhlani General Trading	Refuse removal - Port Alfred	None	2 450.00

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Seq	Year	Month	Supplier	Details	Reason per form	R
49	2016	August	NOSA	Course - Introduction to SAMTRAC - East London	2	7 120.00
50	2016	August	Kowie Keys (Pty) Ltd	Lock repair - municipal Manager's office	None	270.00
51	2016	August	L Nelana	Refund - Accommodation	5	500.00
52	2016	August	Winter Castle Trading 34 cc	Grass bales - Animal Pound	5	1 634.40
53	2016	August	Time Freight Express	Delivery of heavy duty ladder from Jhb to Port Alfred	None	1 298.60
54	2016	August	Colourco Holdings	Blutreen & non-slip polish	None	26 779.74
55	2016	August	Kelston Motors t/a FAW Eastern Cape	Skip loader 5.5m ³ incl PTO, etc	5	695 490.00
56	2016	August	ABC Pumps	Supply of water pump	None	5 240.47
57	2016	August	Dlomo Trading Enterprise	Refuse removal - Port Alfred	None	2 400.00
58	2016	August	Time Freight Express	Delivery of heavy duty ladder from Jhb to Port Alfred	None	858.10
59	2016	August	Iliad Africa Trading t/a Buco Hardware	Plastic Sheets/Damp Course	1	9 236.87
60	2016	August	Manelec Services	Disconnection of wiring - burning street light - Ngongela Str	1	2 328.17
61	2016	August	Whitesides Attorneys	Legal Services - continuing High Court matter	5	53 682.30
62	2016	September	Buyele Kaya Trading CC	Removal of refuse from BRM to PA landfill site	5	139 360.00
63	2016	September	N C Booyesen	Refund - HPCSA Board Exam	5	3 600.00
64	2016	September	Empumalanga Trust	Erection of fencing - BRM tip	5	983 362.77
65	2016	September	Kowie Automotive & General Engineering	Repair of rusted water meter - Sunset Park Retirement Village	1	77.06
66	2016	September	iHire	Hire of drilling machine - toilet structure - erf 3972 Nemato	2	1 032.12
67	2016	September	Bell Equipment	Grader - tie rod ends	None	5 762.47
68	2016	September	N S Gongqa	Refund - tuition fees	5	1 995.00
69	2016	September	I Q Academy	Tuition Fees - N S Gongqa	5	7 581.00
70	2016	September	Wilbur Trading	Burst pipe repair - PA main bulk raw water line	None	7 565.96
71	2016	September	T Jacobs	Refund - Airport parking fees - attending Durban TUT	5	846.00
72	2016	September	Midas Port Alfred	Hino 500 clutch kit - Fire Truck	1	5 261.10
73	2016	September	I T Muller	Transport of cattle from Kruisfontein farm to municipal pound	None	456.00
74	2016	September	I T Muller	Transport of cattle from Kruisfontein farm to municipal pound	None	570.00
75	2016	September	Manelec Services	Installation of 16m wooden pole with 4 floodlights - New Rest	None	65 250.00
76	2016	September	Sunday Times	Notice - Vacancy: Director: Infrastructural Development	5	26 395.56

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Seq	Year	Month	Supplier	Details	Reason per form	R
77	2016	September	The Herald	Notice - Vacancy: Director: Infrastructural Development	5	7 569.60
78	2016	September	Planet Ocean cc t/a Sky Alarms	Alarm monitoring - Alexandria Library	None	250.00
79	2016	September	Manelec Services	TLB hire - excavation road repair work in Hoyi Street, Ekuphumleni	None	14 899.80
80	2016	September	Ndlambe Security	Security service - Cannon Rocks Hospitality Centre	None	23 994.00
81	2016	September	M E H Sulter & Son Inc	Relocating boundary pegs - Alexandria landfill site	5	5 130.00
82	2016	September	Nelson Mandela Metropolitan University	Registration Fee - Human Settlements Conference 2016	None	4 500.00
83	2016	September	Nelson Mandela Metropolitan University	Registration Fee - Human Settlements Conference 2016	2	4 500.00
84	2016	September	Rennies Travel	Municipal Manager accommodation - IMFO conference, Durban	None	12 535.86
85	2016	September	J De Wee	Refund - PDP renewal costs	None	416.00
86	2016	September	Vaxogyn (Pty) Ltd	Loading/offloading of Front End Loader - Alex landfill site	5	32 400.00
87	2016	October	Teloc CC	Hire - Sanitation Truck	1	60 648.00
88	2016	October	S S Mjingwana	Refund - PDP renewal costs	None	414.00
89	2016	October	Consolidated African Technologies (CAT)	Replacement battery - handheld meter reading device	None	1 094.40
90	2016	October	Colourco Holdings	Blutreen	None	11 395.44
91	2016	October	P P Faxi	Refund - fuel expenses	None	1 197.83
92	2016	October	R Dumezweni	Refund - accommodation costs	None	3 380.70
93	2016	October	Tam Jazi Country Farm Stall	Lunches - Mayor's meeting in Alexandria	None	1 115.79
94	2016	October	Specialised Petroleum / Aloe Oil	23 litres fuel delivered in excess of order quantity	None	255.46
95	2016	October	Princes Lodge	Additional catering & wi-fi costs - AFS preparation in East London	5	1 000.00
96	2016	October	ARB Electrical Wholesalers	Highmast & Street Light repairs - Boknes, Cannon Rocks, Bushmans	1	26 715.90
97	2016	October	Mnyani Civil & General	Refuse removal - Kenton-on-Sea	1	3 000.00
98	2016	October	Princes Lodge	Cancellation fee i.r.o. accommodation - contact session cancelled	5	2 250.00
99	2016	October	P P Faxi	Refund - fuel expenses	None	1 006.44
100	2016	October	Wimpy Port Alfred	Refreshments / lunches for councillors	5	2 565.20
101	2016	October	Resort Plant Hire & Machinery Sales cc	Hire of chipper & supervision - BRM Landfill Site/KOSRA matter	5	13 680.00

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
102	2016	October	Bushmans Rest Trust	Hire of chipping yard - BRM Landfill Site/KOSRA matter	5	3 420.00
103	2016	October	A T K Security	Security services - animal pound	1	15 000.00
104	2016	October	H Venter Plant Hire (Pty) Ltd	Earthmoving works - Alexandria landfill site	5	146 088.90
105	2016	October	Ndlambe Security	Security at BRM Landfill Site/KOSRA matter	5	11 340.00
106	2016	November	Rex Gearbox & Diff	Sanitation truck propshaft repair	1	5 905.77
107	2016	November	Siyanceda Catering	Lunch/catering -	5	16 000.00
108	2016	November	Kowie Glass & Aluminium	Door glass repair - 53 Ngcwangu Street	5	646.00
109	2016	November	Dlomo Trading Enterprise	Refuse removal	5	24 000.00
110	2016	November	Ndlambe Security	Security service - Cannon Rocks Hospitality Centre	5	23 994.00
111	2016	November	Wimpy Port Alfred	Lunches - DSRAC officials attending Music Festival Meeting	5	1 835.70
112	2016	November	Dlomo Trading Enterprise	Refuse removal - Port Alfred	5	25 000.00
113	2016	November	Phuhlani General Trading	Refuse removal - Port Alfred	5	24 500.00
114	2016	November	P P Faxi	Refund - fuel expenses	5	1 009.84
115	2016	November	C B Agencies	Protective Clothing	5	10 438.98
116	2016	November	TSK Training Skills & Knowledge	Workshop - King IV Report	2	5 688.60
117	2016	November	Synchronised Traffic Systems	Traffic light repairs	1	3 169.20
118	2016	November	Dlomo Trading Enterprise	Refuse removal - Port Alfred	5	2 400.00
119	2016	November	Wimpy Port Alfred	Lunches - Special Council Meeting	None	3 336.40
120	2016	November	Key Underwriting Management (Pty) Ltd	Public Liability Licence	None	7 500.00
121	2016	November	Goshawk	Order Form stationery	None	5 985.00
122	2016	November	R Dumezweni	Refund - accommodation	None	2 125.00
123	2016	November	P P Faxi	Refund - fuel expenses	None	800.00
124	2016	November	Rex Gearbox & Diff	Repair - Refuse Truck gearbox	None	54 720.00
125	2016	November	Kowie Toyota	Toyota Hilux 2.5D-4D SRX 4x4 - 2013	None	247 500.01
126	2016	November	Ndlambe Security	Security at BRM Landfill Site/KOSRA matter	5	16 380.00
127	2016	November	Algoascope (Pty) Ltd	Refuse removal - Alexandria - 10 days	5	27 000.00
128	2016	November	A T K Security	Security services - animal pound - Alexandria	1	15 000.00
129	2016	November	I T Muller	Transport of cattle from Kruisfontein farm to municipal pound	1	855.00
130	2016	November	Rex Gearbox & Diff	Repair - Refuse Truck PTO & mounting bracket	None	16 106.83

SEC 72-1. -YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
131	2016	November	P P Faxi	Refund - fuel expenses	None	995.88
132	2016	November	New Era Computer Training Centre	Basic Excel training course	None	12 000.00
133	2016	November	Makana Security t/a Hitec Security	Guarding - Waste Water Treatment Plant	1	31 904.74
134	2016	November	Woolworths	Uniforms - CPS	None	2 624.00
135	2016	November	Manelec Services	Installation of Xmas lights	None	10 488.00
136	2016	November	Bell Equipment	Valve Bank - Grader	None	21 177.10
137	2016	November	Audie Attorneys	Legal opinion - PAMCOR/Haywards Property // Ndlambe LM	5	13 544.91
138	2016	December	M Klaas	Refund - Gel delivery expenses & lock	5	916.90
139	2016	December	T Jacobs	Refund - Tshwane University fees	None	3 710.00
140	2016	December	K Hoyi	Transport costs - learners to Saturday classes	None	13 800.00
141	2016	December	Siyanceda Catering	Morning teas - Office of the Premier operation launch	5	2 200.00
142	2016	December	Ndlambe Security	Security at BRM Landfill Site/KOSRA matter	5	13 380.00
143	2016	December	Khandisisa Trading Enterprise	Streetlight repairs x 24	5	72 500.00
144	2016	December	Ngevayo General Trading	Streetlight repairs x 24	5	72 500.00
145	2016	December	Pennypinchers	6000 litre conservancy tanks x 3 - Kwanonqubela pump #3	1	64 022.40
146	2016	December	A Marasi	Refund - Jhb shuttle service	None	500.00
147	2016	December	Stellenbosch University	Registration fee - J Ajah-Mvunelwa	5	8 278.00
148	2016	December	Ndlambe Investments	Highmast light repairs x 6	5	255 850.00
149	2016	December	Manyanweni Multi-Purpose Bricks Cooperative	Paving - Kwanonqubeia Library	5	196 000.00
150	2016	December	T Mbunge	Refund - accommodation	None	500.00
151	2016	December	Legacy Marine Manufacturing	R O plant - high pressure manifold pipes	5	95 051.97
152	2016	December	T C S (Traffic Control Systems)	Licence & service fees - October 2016 to September 2017	5	39 890.88
153	2016	December	Phuhiani General Trading	Speed fencing - The Krantz	1	65 000.00
154	2016	December	Ndlambe FM	Educational programme - water conservation & savings measures	None	64 760.00
155	2016	December	W T Kham-Kham	Refund - PDP renewal costs	5	324.00
156	2016	December	National Health Laboratory Services	Special water sample testing - PA Duckpond	5	125.61
157	2016	December	M Ralo	Refund - accommodation	None	500.00

SEC 72- MID-YEAR BUDGET AND PERFORMANCE REPORT

Seq	Year	Month	Supplier	Details	Reason per form	R
158	2016	December	P & S Consulting	Water supply - Kruisfontein farm	None	26 736.99
159	2016	December	Rennies Travel	Cost difference - car hire and accommodation - MM	None	1 887.98
160	2016	December	New Era Computer Training Centre	Basic Excel training course	None	7 650.00
161	2016	December	Algoascope (Pty) Ltd	Refuse removal - Alexandria - 7 days	5	18 900.00
162	2016	December	H Venter Plant Hire (Pty) Ltd	TLB hire	5	20 741.00
163	2016	December	Ballenden and Robb Consulting Engineers	Contract document preparation - Electricity Operation Management	5	134 535.00
164	2016	December	Comm Office Port Alfred	Toner for Mr Tandani	None	988.00
165	2016	December	Work Dynamics	Competency Assessments	2	7 224.00
166	2016	December	Pathcare	Water sample testing - Blue Flag beaches	None	15 748.00
167	2016	December	P P Faxi	Refund - fuel expenses	None	875.80
168	2016	December	Mnyani Civil & General	Refuse removal - KOS/BRM	5	6 000.00
169	2016	December	C B Agencies / Vanguard Fire & Safety	Uniforms	None	29 035.80
170	2016	December	Sweet-Orr	Uniforms	None	6 038.58
171	2016	December	Fleet Dynamics	Filters - Roads tipper truck	2	2 083.91
172	2016	December	Lexis Nexis	VAT updates	None	851.58
173	2016	December	Phuhlani General Trading	Refuse removal - KOS/BRM	5	13 500.00
174	2016	December	Algoascope (Pty) Ltd	Refuse removal - Alexandria	5	11 200.00
175	2016	December	IWARS (Integrated Waste and Recycling Services)	Polytimber bins x 7	5	7 147.00
176	2016	December	V Tshangana	Refund - accommodation - Mithatha	None	790.00
177	2016	December	Makana Security t/a Hitec Security	WW Treatment Plant - Security	1	8 282.96
178	2016	December	Colouroo Holdings	Cleaning materials - Bluetreen & non-slip polish	2	14 814.30
179	2016	December	Whitesides Attorneys	Legal Services - Cotterell & Others vs Ndlambe LM	5	14 839.53
180	2016	December	Resort Plant Hire & Machinery Sales cc	Hire of chipper & supervision - BRM Landfill Site/KOSRA matter	5	13 680.00
181	2016	December	Bushmans Rest Trust	Hire of chipping yard - BRM Landfill Site/KOSRA matter	5	3 420.00
						5 458 345.30

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2.9.4 Oversight Report on the 2014/2015 Annual Report

Summary of Representations Received from the Community and Others

The following table reflects the key written representations received from the respective bodies/individuals relating to the contents of the Annual Report:

Representation Submitted by:	Key Issues Raised:	Determination by MPAC
Individual councillors (in particular, ward councillors)	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • That in future, councillors must be taken through the Annual Report.
Auditor-General	<ul style="list-style-type: none"> • They were invited to make their representation in front of the MPAC. • The AGSA reflected on the issues raised in the audit report. • Responded to the matters of clarity from the Audit Committee and MPAC members 	<ul style="list-style-type: none"> • Audit Action Plan should be made a standing item of the MPAC for the committee to be able to monitor and make recommendation. • Presented at the MPAC Meeting of 11 March 2016
South African Municipal Workers Union	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None
Audit Committee	<ul style="list-style-type: none"> • They were invited to attend the meeting with the AGSA. • There is a submitted report that forms part of the annexures of the Annual report from the Audit Committee. • The chairperson was requested to give the Audit Committee's opinion on the AFS and their report was included in the Annual report. 	<ul style="list-style-type: none"> • Presented at the MPAC Meeting of 11 March 2016
Other spheres of government	<ul style="list-style-type: none"> • The Department of Local Government and Traditional Affairs attended the meeting. • They are willing to support with the clean audit campaign. • Provincial Treasury presented on both days • Ndlambe Ratepayers Association Presented on both days 	<ul style="list-style-type: none"> • Presented at the MPAC Meeting of 11 March 2016
Democratic Alliance (DA)	<ul style="list-style-type: none"> • They were invited to attend the meeting with the AGSA. 	<ul style="list-style-type: none"> • Presented at the MPAC Meeting of 11 March 2016

The Municipal Public Accounts Committee noted with concern, the lack of comment in respect of the Annual Report from the Ward Committees. Efforts were made to encourage public participation by means of advertising the public MPAC meeting and inviting responses to the Annual report. No input was received despite efforts; however the process will be improved next year.

Summary of Reservations Expressed and Corrective Actions Required

RESERVATION	ACTION PLAN
Audit Committee	<ul style="list-style-type: none"> • Make sure all meetings are documented • Report to council quarterly • Must review the performance management system • Advise council, based on internal audit reports
Internal Audit Committee	<ul style="list-style-type: none"> • Must have an internal audit action plan
MPAC	<ul style="list-style-type: none"> • Prevent unauthorized expenditure as far as possible • Assure council that where there is UE, it has been investigated and is really necessary • Review documents such as IDP, SDBIP and quarterly reports before they get to council. Docs must also be post-reviewed. • Receive adjustment budget well in advance for close scrutiny • Make sure all disclosures are actually disclosed. • Assess whether council has approved necessary documentation in order for administration effect better service delivery
PMS	<ul style="list-style-type: none"> • Annual review of framework • Monthly meetings with directorates with regard to performance plans, monitoring and compliance
BTO	<ul style="list-style-type: none"> • Provincial Treasury committed to improving capacity in BTO
SCM	<ul style="list-style-type: none"> • Compare cost of centralization to cost of not centralizing system
IDP	<ul style="list-style-type: none"> • All targets must be SMART • Public participation in IDP is a legal requisite and must take place • Stronger links between IDP and performance of directorates • AG's office will assist with IDP process – before submission time
SDBIP	<ul style="list-style-type: none"> • Needs to be available to MPAC for assessment • Must link directly to IDP, as well as PMS
Annual Report	<ul style="list-style-type: none"> • Format from Treasury must be followed more closely • Better explanations required for variances between budget and actuals • Six – monthly budget in midyear report to have better explanations
Audit Action Plan	<ul style="list-style-type: none"> • To be populated earlier in future for oversight purposes
Ndlambe Website	<ul style="list-style-type: none"> • Must have all necessary information and reports required
Section 72 (midyear) report	<ul style="list-style-type: none"> • AG's office to assist before submission
Adjustment Budget	<ul style="list-style-type: none"> • Must be received well in advance of submission date for oversight.
Consequence Management	<p>All unauthorized expenditure needs to be prevented. If not, directorates need to account for UE and explain how they will recuperate it. MM to report what steps to be taken against those responsible for UE. If no consequence management, grants will be withdrawn. Catch Phrase for 2016.</p>

Water Infrastructure	Investigate the possibility of handing over the WSA function that is currently performed by Ndlambe to be handed over to the National Department of Water Affairs and Sanitation.
SCOA	Approach Treasury and remind them of their commitment to partially assisting in financing the SCOA.
Meetings Schedules	Directorates and committees to liaise regarding meeting schedule and ensure timeous receipt of documents requiring oversight. Meeting schedule MUST be adhered to in order to submit documents timeously
2015 Matters	MPAC's points from 2015 report to be complied with
PMS	A councillor must be seconded to attend PMS meetings at Sarah Baartman District Municipality.

2.10 MUNICIPAL PERFORMANCE

2.10.1 Performance Framework

Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The municipality adopted a performance management framework that was approved by Council.

2.10.2 Implementation of Performance Management

Performance management is not only relevant to the organization as a whole, but also to the individuals employed in the organization as well as the external service providers. At present no electronic performance management system is in place which makes implementation a challenge.

2.10.3 Overall Service Delivery Performance

See Annexure 1

2.11 SUMMARY AND CHALLENGES

Early indications are that the performance against the output and goals of the Service Delivery Budget Implementation Plan (SDBIP) are on track, however, a few projects/programs are lagging behind due to cash flow.

The performance assessments have not yet been conducted for the first two quarters due to contracts of Senior Managers ending and new appointments.

ANNEXURE 1

ONE YEAR INSTITUTIONAL SCORECARD 2015/16												
KPA1: BASIC SERVICE DELIVERY												
IDP REF NO.	Objective	Key Performance Indicator	Annual Targets		Annual Budget 2015/16	Quarterly Targets			ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT
			BASELINE	2015/16		Q1	Q2	Q3				
0% Compliance 2015/16	Improve the quality of roads and storm water.	BSD4.1: Roads and Storm Water Management Plan in place and implemented	Nil	15%	R 0.00	4%	R 0.00	4%	R 0.00	100%; Target met	Draft roads masterplan/ management plan in place and started implementation, E.g Slurry seal as an improvement to roads.	Roads and Storm Water Management Plan
		BSD4.2: Improved implementation of roads and storm water against % of budget expended	2km of roads and stormwater improved per annum 80km maintained per annum	100% of total alignment utilising 100% budget allocation	R2.765m	25% of total alignment utilising 25% budget allocation	R 691 250	40% of total alignment utilising 25% budget allocation	R1 106 000	100% Target met	800m brick paving by December. 2.3km slurry sealed. 28km re-gravelled and 43km of surfaced roads maintained.	Reports
BSD5	Ensure development of integrated human settlements	BSD5.1: Measure implementation against the Housing Sector Operational Plan for the year under review.	100% expenditure	100% Allocation	R 0.00	25% Allocation Expended	R 0.00	50% Allocation Expended	R 0.00	100% Target met		Reports
BSD6	Ensure access to electricity and/or alternative energy	BSD6.1: Monitor the provision of electricity according to the existing Electricity Maintenance Plan	Nil	100%on draft of maintenance plan	R 100 000	Nil	R 0.00	100%	R 0.00	Target met	The process for a new contract started. Specification that entails what will be in the plan is in place	Reports
		BSD6.2: Measures put into place that explores the partnership mechanism with ESKOM	Nil	Agenda's and minutes to meetings with NERSA, ESCOM and DoE reflect partnership and similar goals	R 0.00	Nil	R 0.00	Nil	R 0.00	Target met	The audit by NERSA has been started. A meeting has been held WITH Mr Mbewu of DOE to take this forward.	Reports

ONE YEAR INSTITUTIONAL SCORECARD 2015/16												
IDP REF NO.	KPA1: BASIC SERVICE DELIVERY											RESPONSIBLE DEPARTMENT
	Objective	Key Performance Indicator	Annual Targets		Annual Budget 2015/16	Quarterly Targets			ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	
			BASELINE	2015/16		Q1	Q2	Q3				
BSD6	Ensure access to electricity and/or alternative energy	BSD6.3: % increase of households with access to electricity in direct proportion to housing projects implemented	100% of formal households	100% of formal urban households to have access to electricity	R 0.00	100% of formal urban households to have access to electricity	R 0.00	100% of formal urban households to have access to electricity	R 0.00	100% Target met	Reports	INFRASTRUCTURE SERVICES
		BSD6.4: % increase of indigent households with access to basic electricity service in direct proportion to housing projects coming on-line	100%	100% of formal urban households to have access to electricity	R 0.00	100% of formal urban households to have access to electricity	R 0.00	100% of formal urban households to have access to electricity	R 0.00	100% Target met	Reports	
		BSD6.5: % increase of indigent households with access to free alternative energy sources	Register in place	Register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R 0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R 0.00	The register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	R 0.00	Target met	Gal stoves- Register is in place. This is also done for the informal houses in the farms.	
BSD7	Utilization and management of available land and buildings in a sustainable manner	BSD7.1 Improved turnaround time on approval of land use applications within statutory frameworks	8 weeks	100%	R 836 000	20% of all land use applications are approved within statutory frameworks	R 167 200	30% of all land use applications are approved within statutory frameworks	R 250 800	100% Target met	Reports	

ONE YEAR INSTITUTIONAL SCORECARD 2015/16													RESPONSIBLE DEPARTMENT
IDP REF NO	KPA1 BASIC SERVICE DELIVERY												
	Objective	Key Performance Indicator	Annual Targets		Annual Budget 2015/16	Quarterly Targets			ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION		
			BASELINE	2015/16		Q1	Q2	Q3					
BSD7	Utilization and management of available land and buildings in a sustainable manner	BSD7.2: Lease Register compiled and managed	Compiled lease register	10% of the existing backlog is resolved per quarter.	R 0.00	2.5% of the existing backlog is resolved	R 0.00	5% of the existing backlog is resolved	R 0.00	100% Target met	Lease Register Reports	INFRASTRUCTURE SERVICES	
		BSD7.3: Reduction in number of land use practices/decisions that are not aligned with the applicable regulatory framework	100%	100%	R 0.00	100%	R 0.00	100%	R 0.00	100% Target met	Reports		
BSD8	Ensure that an effective fleet management system is in place	BSD8.1: Fleet Management Policy in place	Fleet management policy in place (not reviewed)	The baseline is the number of disciplinary actions taken the previous year relative to non-compliance reports, where a 50% improvement is aimed for, for this financial year and renewal of the policy to be completed 100%	R 0.00	12.5% on Baseline	R 0.00	25% on Baseline	R 0.00	100% Target met	Fleet Management Policy in place		
		BSD8.2: Fleet Maintenance Plan developed and implemented	Non-revised fleet maintenance plan	Fleet Maintenance Plan	R 0.00	Nil	R 0.00	Nil	R 0.00	100% Target met	Fleet Maintenance Plan		
		BSD8.3: Improved turnaround time in the servicing and repairing of municipal fleet	60%	100%	R 6 912 849	20%	R 1 382 569.8	30%	R 2 073 854.70	100% Target met	Reports		

ONE YEAR INSTITUTIONAL SCORECARD 2015/16													
IDP REF NO.	KPA1: BASIC SERVICE DELIVERY												
	Objective	Key Performance Indicator	Annual Targets		Annual Budget	Quarterly Targets			ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
			BASELINE	2015/16		2015/16	Q1	Q2					
BSD9:	Ensure a safe and healthy built environment	BSD9.1: Improved turnaround time for approving qualifying building plans within statutory timeframes measured against meeting agenda and minutes of the Building Committee	100%	100%	R 0.00	R 0.00			R 0.00	100% Target met	Reports	INFRASTRUCTURE SERVICES	
		BSD9.2: Improved law enforcement of buildings that are not complying to legislative requirements	100%	100%	R 92 800	20%	30%	R 27 840	100% Target met	Reports			
BSD10	Provide recreational and sport facilities to communities and ensure access to well-maintained facilities	BSD10.1: No. of Sport Fields built	8	1		1		1		4	5 sports field have been constructed.	Reports	COMMUNITY & PROTECTION SERVICES
		BSD10.2: Draft Strategy and Implementation Plan for the provision of access to well-maintained sports and recreational facilities are in place	Strategy and Implementation Plan	100%						100% Target met	Draft Strategy and Implementation Plan Reports		

ONE YEAR INSTITUTIONAL SCORECARD 2015/16													
IDP REF NO	KPA1: BASIC SERVICE DELIVERY												
	Objective	Key Performance Indicator	Annual Targets		Annual Budget	Quarterly Targets			ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
			BASELINE	2015/16		Q1	Q2	Q3					
BSD11	Ensure well maintained gravesites in close proximity to settlements	BSD10.3: Monitor implementation of maintenance of recreational and sports facilities against expenditure targets for this financial year	80%	80%						100% Target met		Reports	COMMUNITY & PROTECTION SERVICES
		BSD11.1: Draft Maintenance Plan in place for all cemeteries		100%						100% Target met		Draft Maintenance Plan Reports	
		BSD11.2: Monitor implementation of maintenance plan against expenditure targets for the current financial year		80%						100% Target met		Reports	
BSD12	Provide sufficient and affordable solid waste disposal options to communities according to legislative frameworks	BSD12.1: Procure funding to craft a revised integrated waste management plan in the next financial year.		100%						100% Target met		Reports	
		BSD12.2: Monitor implementation against the current schedules relating to waste disposal objectives		80%						100% Target met		Reports	

ONE YEAR INSTITUTIONAL SCORECARD 2015/16													RESPONSIBLE DEPARTMENT
IDP REF NO.	KPA1: BASIC SERVICE DELIVERY												
	Objective	Key Performance Indicator	Annual Targets		Annual Budget 2015/16	Quarterly Targets			ACTUAL PERFORMANCE	REASON FOR VARIANCE	MEANS OF VERIFICATION		
			BASELINE	2015/16		Q1		Q2					
BSD13	Ensure sustainable utilisation of natural resources according to the existing legislation and policies	BSD13.1 Procure funding to craft various environmental management plans as prescribed by the AG.		100%						100% Target met		Reports	
		BSD13.2: Obtain and maintain Blue Flag International standards of all Blue Flag Beaches	2 Blue Flag Beaches	100%						100% Target met		Reports	
		BSD13.3: Protection and management of all natural resources according to the targets set for each operational manager		60%						3.75	The target was exceeded because in the financial under review a Conservationist was employed	Reports	
BSD14	Improve the environmental health of the area in accordance with environmental health legislation	BSD14.1: Measure implementation against compliance with standards as provided in national legislation		60%						100% Target met		Reports	

COMMUNITY & PROTECTION SERVICES

MEANS OF VERIFICATION

RESPONSIBLE DEPARTMENT

ONE YEAR INSTITUTIONAL SCORECARD 2015/16												
IDP REF NO	KPA1: BASIC SERVICE DELIVERY									MEANS OF VERIFICATION	RESPONSIBLE DEPARTMENT	
	Objective	Key Performance Indicator	Annual Targets		Annual Budget	Quarterly Targets			REASON FOR VARIANCE			
			BASELINE	2015/16		2015/16	Q1	Q2				Q3
BSD15	Improve road safety in accordance with the National Road Traffic Act	BSD15.1: Required traffic management measures are implemented according to legislation	Fully functional traffic section	60%						100% Target met	Reports	COMMUNITY & PROTECTION SERVICES
BSD16	Regulate the enforcement of by-laws	BSD16.1: Measures taken to regularize the enforcement of by-laws	Enforcement of all by-laws	60%						100% Target met	Reports	
BSD17	Provide fire and disaster management services in terms of National Disaster Management Act and applicable Fire Services legislation.	BSD17.1: Draft Fire Emergency Implementation Plan in place	Fire and Emergency Implementation Plan	100%						100% Target met	Draft Fire Emergency Implementation Plan Reports	
		BSD17.2: Monitor implementation against the Draft Fire and Emergency Plan	80%							100% Target met	Reports	

QUALITY CERTIFICATE

I, **ROLLY DUMEZWENI** the Municipal Manager of Ndlambe Municipality hereby certify that;

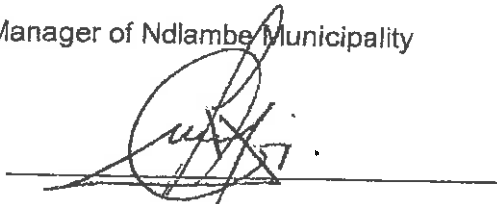
- The monthly budget statements
- Quarterly report on the implementation of the budget and financial state affairs of the Municipality
- Mid – year budget and performance assessment

For the month of December of 2016 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

ROLLY DUMEZWENI

Municipal Manager of Ndlambe Municipality

Signature



Date

16-01-2017

ANNEXURE H

NDLAMBE SCHEDULE OF MEETINGS

NDLAMBE MUNICIPALITY



NDLAMBE SCHEDULE OF MEETINGS – 2016/2017 FINANCIAL YEAR

DATE	COMMITTEE	VENUE	TIME	SUBMISSION DATE	DELIVERY DATE
05 July 2016	Municipal Managers' Forum	Sarah Baartman District Municipality	10H00		
06 July 2016	Council Meeting	SBDM	11H00		
07 July 2016	Consultation with Local Municipalities	SBDM	10H30		
13 July 2016	Credit Control Meeting	Council Chambers	14H00	24 June 2016	01 July 2016
29 July 2016	Audit and Performance Committee	Council Chambers	10H00	11 July 2016	19 July 2016
29 July 2016	Municipal Public Accounts Committee	Council Chambers	14H00	11 July 2016	19 July 2016
AUGUST 2016					
11 August 2016	MSCOA	Council Chambers	10H00	22 July 2016	01 August 2016
17 August 2016	Credit Control Meeting	Council Chambers	14H00	29 July 2016	05 August 2016
23 August 2016	Inaugural Council	Council Chambers	10H00	04 August 2016	12 August 2016
24 August 2016	Inaugural Council	SBDM	11H00		
25 August 2016	PMS Forum	SBDM	10H00		

26 August 2016	IT Steering Committee Meeting	Council Chambers	09H00	10 August 2016	16 August 2016
30 August 2016	Ndlambe Full Council Meeting	Council Chambers	10H00	12 August 2016	19 August 2016
SEPTEMBER 2016					
06 September 2016	Executive Committee	Council Chambers	10H00	18 August 2016	26 August 2016
07 September 2016	Council Meeting	SBDM	11H00		
08 September 2016	International Literacy Day	Cambeboo			
14 September 2016	Mayors' Forum	SBDM	10H00		
14 September 2016	Credit Control Meeting	Council Chambers	14H00	25 August 2016	02 September 2016
15 September 2016	Ward Committee Establishment (Ward 1)	Kwanonqubela Community Hall	17H00		
19 September 2016	Ward Committee Establishment (Ward 2)	Wentzel Park Community Hall	17H00		
20 September 2016	Ward Committee Establishment (Ward 3)	Marselle Community Hall	17H00		
21 September 2016	Ward Committee Establishment (Ward 4)	To be Confirmed			
22 September 2016	Training Committee	Council Chambers	10H00	02 September 2016	12 September 2016
22 September 2016	Ward Committee Establishment (Ward 5)	Solomon Mahlangu Community Hall	17H00		
26 September 2016	Ward Committee Establishment (Ward 6)	Titi Jonus Multi - Purpose Centre	17H00		
27 September 2016	IGR Meeting	Council Chambers	10H00	08 September 2016	16 September 2016
27 September 2016	Ward Committee Establishment (Ward 7)	Ingubo Community Centre	17H00		

29 September 2016	Local Labour Forum	Council Chambers	10H00	09 September 2016	19 September 2016
28 September 2016	Ward Committee Establishment (Ward 8)	Jauka Community Hall	17H00		
29 September 2016	Ward Committee Establishment (Ward 9)	Jauka Hall	17H00		
29 September 2016	Ward Committee Establishment (Ward 10)	Civic Centre	14H00		
OCTOBER 2016					
04 October 2016	Municipal Public Accounts Committee	SBDM	11H00		
05 October 2016	Municipal Managers' Forum	SBDM	10H00		
06 October 2016	Chief Financial Officers' Forum	SBDM	10H00		
12 October 2016	Council Meeting	SBDM	11H00		
12 October 2016	Credit Control Meeting	Council Chambers	14H00	22 September 2016	30 September 2016
17 October 2016	Ward 1	Council Chamber, Alex	10H00	27 September 2016	05 October 2016
17 October 2016	Ward 2	Council Chamber, Alex	12H00	27 September 2016	05 October 2016
17 October 2016	Ward 3	Marselle Housing Office	15H00	27 September 2016	05 October 2016
18 October 2016	Ward 4	Council Chambers KOS	10H00	27 September 2016	05 October 2016
18 October 2016	Ward 10	Council Chambers	14H00	27 September 2016	05 October 2016
18 October 2016	Ward 5	Solomon Mahlangu Community Hall	17H00	27 September 2016	05 October 2016

18 October 2016	Spelling BEE : Libraries	Koukama			
19 October 2016	Ward 6	Station Hill Hall	17H00	29 September 2016	07 October 2016
24 October 2016	Ward 7	Kuyasa Combined School	17H00	04 October 2016	12 October 2016
25 October 2016	Ward 8	Jauka Hall	14H00	05 October 2016	13 October 2016
25 October 2016	Ward 9	Jauka Hall	17H00	05 October 2016	13 October 2016
26 October 2016	Ndlambe Council Meeting	Council Chambers	10H00	06 October 2016	14 October 2016
27 October 2016	Consultation with Local Municipalities	SBDM	10H30		
27 October 2016	Local Labour Forum	Council Chambers	10H00	05 October 2016	14 October 2016

NOVEMBER 2016

08 November 2016	District Communicators' Forum	SBDM	11H00		
09 November 2016	Mayors' Forum	SBDM	10H00		
14 November 2016	MSCOA	Council Chambers	10H00	25 October 2016	02 November 2016
15 November 2016	District Wide Infrastructure Forum	SBDM	10H00		
16 November 2016	District Aids Council	SBDM	N/A		
16 November 2016	Credit Control Meeting	Council Chambers	14H00	27 October 2016	04 November 2016
17 November 2016	Executive Committee Meeting	Council Chambers	10H00	27 October 2016	04 November 2016
18 November 2016	IT Steering Committee	Council Chambers	09H00	31 October 2016	09 November 2016

23 November 2016	Council Meeting	SBDM	11H00		
24 November	PMS Forum	SBDM	10H00		
24 November 2016	IGR Meeting	Council Chambers	10H00	04 November 2016	14 November 2016
25 November 2016	Training Committee	Council Chambers	10H00	08 November 2016	15 November 2016
29 November 2016	Local Labour Forum	Council Chambers	10H00	09 November 2016	17 November 2016
DECEMBER 2016					
07 December 2016	Audit and Performance Committee	Council Chambers	10H00	18 November 2016	28 November 2016
07 December 2016	Municipal Public Accounts Committee	Council Chambers	14H00	18 November 2016	28 November 2016
09 December 2016	Full Ndlambe Council	Venue to be confirmed	10H00	21 November 2016	29 November 2016
14 December 2016	Credit Control Meeting	Council Chambers	14H00	25 November 2016	05 December 2016
	RECESS COMMITTEE MEETING	Council Chambers	14H00		
JANUARY 2017					
05 January 2017	Municipal Public Accounts Committee	SBDM	11H00		
12 January 2017	Chief Financial Officers' Forum	SBDM	10H00		
17 January 2017	Municipal Managers' Forum	SBDM	10H00		
18 January 2017	Credit Control Meeting	Council Chambers	14H00	29 December 2016	06 January 2017

23 January 2017	IGR Meeting	Council Chambers	10H00	03 January 2017	11 February 2017
25 January 2017	Council Meeting	SBDM	11H00		
26 January 2017	Full Ndlambe Council	Council Chambers	10H00	06 January 2017	16 January 2017
31 January 2017	Local Labour Forum	Council Chambers	10H00	11 January 2017	19 January 2017
FEBRUARY 2017					
February 2017	Library Week	Baviaans			
02 February 2017	Ward 1	Council Chamber, Alex	10H00	13 January 2017	23 January 2017
02 February 2017	Ward 2	Council Chamber, Alex	12H00	13 January 2017	23 January 2017
02 February 2017	Ward 3	Marselle Housing Office	15H00	13 January 2017	23 January 2017
06 February 2017	Ward 4	Council Chambers, KOS	10H00	13 January 2017	23 January 2017
06 February 2017	Ward 10	Council Chambers, P.A	14H00	17 January 2017	25 January 2017
06 February 2017	Ward 5	Solomon Mahlangu Community Hall	17H00	17 January 2017	25 January 2017
07 February 2017	Ward 6	Station Hill Community Hall	17H00	18 January 2017	26 January 2017
08 February 2017	Ward 7	Kuyasa Combined School	17H00	19 January 2017	27 January 2017
09 February 2017	Ward 8	Jauka Community Hall	17H00	20 January 2017	30 January 2017
13 February 2017	Ward 9	Jauka Community Hall	17H00	24 January 2017	01 February 2017

10 February 2017	Municipal Public Accounts Committee	Council Chambers	10H00	23 January 2017	31 January 2017
10 February 2017	Audit and Performance Committee	Council Chambers	14H00	23 January 2017	31 January 2017
15 February 2017	Credit Control Meeting	Council Chambers	14H00	26 January 2017	03 February 2017
17 February 2017	IT Steering Committee Meeting	Council Chambers	09H00	30 January 2017	07 February 2017
07 February 2017	Municipal Public Accounts Committee	SBDM	11H00		
09 February 2017	Mayors' Forum	SBDM	10H00		
16 February 2017	District Communicators' Forum	SBDM	11H00		
21 February 2017	District Wide Infrastructure Forum	SBDM	10H00		
22 February 2017	Training Committee	Council Chambers	10H00	02 February 2017	10 February 2017
28 February 2017	Local Labour Forum	Council Chambers	10H00	08 February 2017	16 February 2017

MARCH 2017

01 March 2017	Chief Financial Officers' Forum	SBDM	10H00		
02 March 2017	PMS Forum	SBDM	10H00		
07 March 2017	MSCOA	Council Chambers	10H00	15 February 2017	23 February 2017
14 March 2017	Executive Committee Meeting	Council Chambers	10H00	22 February 2017	02 March 2017
15 March 2017	District AIDS Council	SBDM	10H00		

15 March 2017	Credit Control Meeting	Council Chambers	14H00	23 February 2017	03 March 2017
28 March 2017	Local Labour Forum	Council Chambers	10H00	08 March 2017	16 March 2017
29 March 2017	Council Meeting	SBDM	11H00		
30 March 2017	Ndlambe Full Council	Council Chambers	10H00	10 March 2017	20 March 2017
APRIL 2017					
04 April 2017	Municipal Public Accounts Committee	SBDM	11H00		
05 April 2017	Ward 1	Council Chamber, Alex	10H00	16 March 2017	24 March 2017
05 April 2017	Ward 2	Council Chamber, Alex	12H00	16 March 2017	24 March 2017
05 April 2017	Ward 3	Marselle Housing Office	15H00	16 March 2017	24 March 2017
06 April 2017	Ward 4	Council Chambers KOS	10H00	16 March 2017	24 March 2017
06 April 2017	Ward 10	Council Chambers	14H00	16 March 2017	16 March 2017
06 April 2017	Ward 5	Solomon Mahlangu Community Hall	17H00	16 March 2017	16 March 2017
10 April 2017	Ward 6	Station Hill Hall	17H00	21 March 2017	29 March 2017
11 April 2017	Ward 7	Kuyasa Combined School	17H00	22 March 2017	30 March 2017
12 April 2017	Training Committee	Council Chambers	10H00	23 March 2017	31 March 2017
12 April 2017	Credit Control Meeting	Council Chambers	14H00	23 March 2017	31 March 2017

12 April 2017	Ward 8	Jauka Hall	17H00	23 March 2017	31 March 2017
13 April 2017	Ward 9	Jauka Hall	17H00	24 March 2017	31 March 2017
19 April 2017	Municipal Managers' Forum	SBDM	10H00		
21 April 2017	Audit and Performance Committee	Council Chambers	10H00	27 March 2017	11 April 2017
21 April 2017	Municipal Public Accounts Committee	Council Chambers	14H00	27 March 2017	11 April 2017
25 April 2017	District Wide Infrastructure Forum	SBDM	10H00		
26 April 2017	Local Labour Forum	Council Chambers	10H00	06 April 2017	14 April 2017

MAY 2017

03 May 2017	District Communicator's Forum	SBDM	11H00		
09 May 2017	MSCOA	Council Chambers	10H00	19 April 2017	27 April 2017
10 May 2017	Executive Committee Meeting	Council Chambers	10H00	20 April 2017	28 April 2017
11 May 2017	IGR Meeting	Council Chambers	10H00	20 April 2017	28 April 2017
17 May 2017	Mayors' Forum	SBDM	10H00		
17 May 2017	District Aids Council	SBDM	10H00		
17 May 2017	Credit Control Meeting	Council Chambers	14H00	27 April 2017	05 May 2017
19 May 2017	IT Steering Committee Meeting	Council Chambers	09H00	01 May 2017	09 May 2017

23 May 2017	Local Labour Forum	Council Chambers	10H00	03 May 2017	11 May 2017
24 May 2017	Council Meeting	SBDM	11H00		
25 May 2017	Chief Financial Officers' Forum	SBDM	10H00		
31 May 2017	Ndlambe Full Council Meeting	Council Chambers	10H00	11 May 2017	19 May 2017
JUNE 2017					
06 June 2017	Municipal Public Accounts Committee	SBDM	11H00		
14 June 2017	Credit Control Meeting	Council Chambers	14H00	25 May 2017	02 June 2017
20 June 2017	District Wide Infrastructure Forum	SBDM	10H00		
21 June 2017	Local Labour Forum	Council Chambers	10H00	01 June 2017	09 June 2017
29 June 2017	PMS Forum	SBDM	10H00		

